

1 MICHAEL LEPORTE: I'm Michael LePorte from KRVN
2 Radio in Lexington. I'll be serving as your moderator
3 today. And let me just kind of give you an overview of
4 what's going to be taking place here, and then we'll
5 get the program underway. We're going try to have
6 some remarks at the very beginning of our program here
7 by some of our elected officials here in the state of
8 Nebraska, and we'll hear from some of the
9 representatives this morning that came to listen from
10 Washington from USDA and U.S. Trade Representative's
11 office. And then we'll be hearing from some of you
12 about some of your concerns pertaining to trade issues
13 as we head into this Seattle Round of negotiations on
14 the World Trade Organization.

15 To get things started this morning to welcome you
16 here to the state of Nebraska is a man who needs no
17 introduction to most of you, the Governor of this
18 great state, and I asked him out front a little bit
19 ago if there was anything that he would like me to say

20 and the words that he mentioned were already in my
21 introduction like "brilliant" and there were some
22 things that I can't remember. They were already in
23 there. I'll tell you, this is a guy who grew up on a
24 dairy farm here in Nebraska, knows agriculture and is
25 a real friend of agriculture.

1 And I guess the thing that amazes me about Mike
2 Johanns is his degree of energy and his degree of
3 enthusiasm for this job and given that we're into
4 this, what, six -- eight months or seven. Where are
5 we? June, six months. Nevertheless, he's as fresh
6 today as the day he took the oath of office, and his
7 agenda makes me tired just thinking about it, trying
8 to imagine the -- maintaining that kind of pace, but
9 we want to thank him for his efforts on behalf of the
10 State to welcome him and welcome you,
11 Governor Mike Johanns.

12 GOVERNOR JOHANNNS: Well, thank you very, very
13 much. It's a pleasure being here with you today. Let
14 me start out, of course, most importantly and say
15 welcome to each of you. We appreciate taking -- you
16 taking time out of your schedules to stop by today.
17 This is very, very important, and we appreciate it.

18 I had a few comments that I wanted to offer
19 today. I certainly am not the guy that will lead the

20 testimony today, but there are some things that I
21 think are important that I say and acknowledge.

22 First thing that I want to say is that we
23 certainly believe in this state that exports of ag
24 products are very important. I have invested a lot of
25 time and energy in trade missions as did the previous

1 administration. We wouldn't do those things if we
2 didn't believe they were important.

3 The United States comprises only 4 percent of the
4 world's population, and yet it produces nearly half of
5 the world's food. That means that 96 percent of our
6 market is in the international marketplace with
7 potential to grow.

8 At the same time, fewer people are engaging in
9 production agriculture. If you look back to the
10 1930's, more than 20 percent of Americans worked on
11 farms. Today only about 2 percent do.

12 Overall, and I'm using statistics that are a
13 little bit dated, about five years ago these were put
14 together, but overall the number of U.S. jobs
15 supported by exports totalled 10.3 million, goods
16 exports supported 6.8 million jobs, and service
17 exports supported 3.5 million jobs. So about one out
18 of every ten jobs in the U.S. business sector is
19 supported by goods and services exports, and that is

20 significant to our economy.

21 From my perspective, the importance of the
22 international trade for Nebraska ag products is
23 enormously important and has potential and opportunity
24 to grow if done right. Nebraska exports totalled 2.2
25 billion. That's billion with a B in 1988 -- 1998, a

1 42.1 percent increase since 1993. It is very much a
2 growing enterprise. Nebraska exporters sell to almost
3 140 countries worldwide each year.

4 The upcoming World Trade Organization Seattle
5 Round is an effort that the ag community in this state
6 is going to watch very, very carefully.

7 In the business that we deal in, perception is
8 oftentimes the reality. And I have to say the
9 perception these days is that Nebraska and the United
10 States have not had a fair deal in terms of trading
11 with ag products.

12 We believe that there is an opportunity in these
13 new round of talks to level the playing field, to make
14 sure that our ag products are open. We approach this
15 on a positive note. We approach it with the notion
16 that what we are looking for is a fair deal.

17 As we start to think about the negotiations that
18 are coming up, however, I want to point out very, very
19 emphatically that I as Governor of the state of

20 Nebraska and my fellow governors who represent ag
21 states will watch very, very carefully the agreements
22 that are reached and we will ask one basic, fair,
23 fundamental question and that is, is Nebraska
24 agriculture being protected? We certainly do not
25 minimize the importance of trade in other areas such

1 as manufacturing. But the fundamental question for me
2 as I review any future trade agreement will be, is
3 Nebraska agriculture being given a fair deal? And I
4 just think it's important to put that out on the table
5 as we start to think about where we're headed with
6 future trade agreements.

7 I would suggest today that if we were to put to a
8 vote of the people the NAFTA agreement, put it to a
9 vote of the people in agriculture, I wonder if it
10 would pass in Nebraska today. And you could probably
11 make a case that it should pass, that it must pass,
12 but agriculture is feeling that may be they haven't
13 gotten all that they needed to get out of this.

14 With those thoughts, what I would like to do
15 today is just to return to my message where I started
16 and that is to say to all of you welcome. I can't
17 describe how important this is. I look across this
18 room, and I see people that accompanied me recently to
19 Taiwan and to Japan to assist me in selling our ag

20 products. We're going to keep working in the
21 international market, and we believe that there's
22 future there. And given the tools of a fair trade
23 agreement, I believe--without any hesitation I tell
24 you this--that our Nebraska ag producers can compete
25 with anyone in the world. Thank you very much and

1 again, welcome.

2 MICHAEL LEPORTE: Thank you, Governor. And now
3 we'll meet the individuals that came to listen. First
4 of all, it's my pleasure to introduce James Murphy.
5 He's Assistant to the U.S. Trade Representative for
6 Agricultural Affairs and Office of the U.S. Trade
7 Representative. He assumed that position in June of
8 1997. In his 17 years at USTR, Mr. Murphy has served
9 successfully as assistant to the U.S. Trade
10 Representative for Japan, for Europe, and the
11 Mediterranean and for Latin America and Caribbean and
12 Africa. And also Mr. Murphy has led U.S. delegations
13 to the OECD Trade Committee. So please welcome
14 Jim Murphy from the U.S. Trade Representatives office.

15 JAMES MURPHY: Thank you, Mike, and thank you
16 Governor Johanns for that warm welcome. We could not
17 agree more that this is an extremely important event
18 and a great opportunity for Jim Schroeder and the USDA
19 and myself to be here to welcome those of you engaged

20 in the production of agriculture. I also want to
21 thank you very much your State Director of Agriculture
22 Merlyn Carlson and his team for the excellent work
23 that they have done organizing this event. They put a
24 lot of time and effort into it, and I'm sure we're
25 going to see the results of that today.

1 This is a listening session as the Governor
2 noted, and Jim Schroeder and I are listeners, and you
3 all are the talkers. We are just going to take a few
4 minutes at the beginning for a few comments to set
5 context, but we very much want to hear what you have
6 to say. I'm going to say a couple of things about
7 principles of trade policy and U.S. trade policy,
8 something about this new round that's coming up at the
9 end of the year and what we think the major ag issues
10 will be for that round.

11 U.S. ag policy is in many respects a very simple
12 thing based on a few fundamental facts. First and
13 foremost is that American farmers and ranchers are by
14 far the most competitive and technologically advanced
15 in the world. And as a result of that, we are
16 producing more than any of us can possibly eat in this
17 country or all of us can eat in this country. This
18 leads to the stable fact that we must export to
19 survive. We will only have a prosperous farm economy

20 if we export the surplus that is produced.

21 The Governor noted and I have in my notes as well

22 that 96 percent of the world's population is outside

23 of our borders. This is where the markets are. Also

24 useful to note, that's going to grow in this market.

25 It is it's an Asia; it's in Latin America. Yes, we've

1 seen problems over the last couple of years brought on
2 by the financial crisis in these areas, but I think we
3 are all working on the understanding that will turn
4 around and those markets will grow once again.

5 And as the Governor noted, the U.S. exported
6 quite a bit in the several billion dollars from
7 Nebraska to those markets. Providing access to those
8 markets is absolutely essential to the prosperity of
9 the farm community. And this in our view is where
10 trade agreements come. The role of those agreements
11 is to set the rules. We have rules other among trade
12 players so that you do have a fair deal.

13 In the Uruguay Round of negotiations, we made a
14 good first start on bringing agriculture the first
15 time under the rules that apply to other sectors. We
16 cut tariffs, we cut subsidies, we guaranteed some
17 market access, we created a sanitary-phytosanitary
18 agreement, we set the rules for determining safety of
19 food on a sound basis of science, and we created a

20 more effective enforcement mechanism. The U.S. has
21 been the most aggressive user, and we've won 22 out of
22 the 24 cases we brought in the process. About half of
23 those have been in the agriculture area. And there we
24 have great success in food to Japan, pork to the
25 Philippines, dairy to Canada, and beef into the EU.

1 We won that case and the results, we are still
2 struggling. We've also done a number of bilateral
3 trade agreements such as beef to Korea and, of course,
4 we've done an agreement with China which I think many
5 will acknowledge -- particularly the tariff reduction
6 area where just one example the beef had come down
7 from 45 percent to 12 percent. All that being said,
8 we all acknowledge that much remains to be done.

9 As the Governor noted, a lot of people don't
10 think we have a lot of playing field. We simply agree
11 with that perspective. The Uruguay Round is only a
12 start, and many problems remain for us. And that is
13 why the President has called for a new round of trade
14 negotiations in the WTO. That round will be launched
15 this fall at the Seattle Ministerial which is the
16 third of the ministerials. It is both hosted and
17 chaired by the United States. And will allow us to
18 help shape the agenda for this coming round.

19 Agriculture is part of what we call the built-in

20 agenda for this ministerial in the sense that at the
21 conclusion of the Uruguay Round, it is acknowledged
22 that we only made a start, that much remains to be
23 done. This is true in services as well. These two
24 areas were included in the Uruguay Round agreement as
25 the next order of business. Part of the built-in

1 agenda. So it's clear that agriculture will be on the
2 table when we start in again from our perspective will
3 be a part of those negotiations.

4 This is a footnote, I will note that the Seattle
5 ministerial will be the largest trade meeting to held
6 in the United States. 134 member countries are all
7 expected to be represented there, and we're probably
8 looking in the neighborhood of 5,000 people. It will
9 be a very large event, and the -- I'm suggesting it's
10 a great opportunity to show case American agriculture
11 both on the meeting in Seattle, but we urge people to
12 consider inviting some of the delegates to visit sites
13 in your state to see American agriculture as it
14 operates.

15 Now the agenda for this round, we can say a
16 couple of points about that. At first instance, there
17 seems to be a pretty good developing consensus that
18 this negotiation should be concluded in three years.
19 That's to the roughly eight years that it took to do

20 the Uruguay Round. We simply don't have that much
21 time. There are too many pressing issues that we need
22 to address.

23 The second point is that we have pretty good
24 consensus of people of what we call the architecture
25 of the Uruguay Round. You recall in that agreement

1 there were three basic legs to that agreement. The
2 first is market access. Here we need to reduce
3 tariffs further. We need to increase the quotas and
4 tariff rate quotas and to improve the administration
5 of those CRP's.

6 The second school is export subsidies and here
7 our position as we like to see all export subsidies
8 completely eliminated. Now many people think that is
9 an unrealistic goal, but I would note a couple of
10 things here. One, the 15 countries who were organized
11 for agricultural trade liberalization are on record
12 for eliminating subsidies.

13 Secondly, in the free trade area, all 34
14 countries in the hemisphere are on record to eliminate
15 export subsidies on those negotiations and those
16 negotiations are in progress.

17 And, thirdly, you'll notice in the recent
18 agreement with China as part of their concession,
19 China has agreed to forego any use of export

20 subsidies. So that's not a bad coalition to start out
21 with. I wouldn't want to pretend it was going to be
22 easy or I would say even -- obviously our European
23 friends will be not so acceptable, but we do go in
24 with a fairly good head of steam.

25 The third leg is, of course, domestic supports,

1 and here we need to further reduce domestic supports
2 which are our European friends and other countries are
3 also still engaged in using.

4 Two new issues that were not addressed in the
5 Uruguay Round which needs to be addressed at this
6 time, one is state trading enterprises referring to
7 the Asian Beef Board, Australian Beef Board and
8 similar government-sanction monopolies. We get a lot
9 of complaints about the activities of those groups.
10 And we clearly need more transparency in their
11 operations.

12 And the second new area is what we're calling new
13 technologies and which we include biotechnology, and
14 here we need to find ways to ensure that American
15 farmers can use these technologies and not face trade
16 discrimination in their products and exports when they
17 do so.

18 Now as we prepare for these negotiations, we are
19 consulting with Congress or our advisory committees,

20 trade associations and holding these 12 listening
21 sessions around the country. And that's why we're
22 here today is to get your advice, your views. We want
23 to make sure that we're not missing issues. We want
24 to get your advice on issues that outline if there are
25 things that we are missing.

1 Biotechnology is not addressed in the Uruguay
2 Round. Is there a biotechnology issues that we're
3 missing this time around? And so your thoughts on
4 that would be very helpful to us.

5 We think with the right agendas, priorities, we
6 can have successful negotiations and make a long step
7 forward to a level playing field for American
8 agriculture. And in the process, raise our living
9 standards and those of others and pursue a
10 humanitarian mission and a world free from hunger and
11 increased protection for our land, our water, and our
12 wildlife.

13 But we see this as a great opportunity and,
14 again, I want to thank you, Mr. Carlson and his team,
15 and we will look forward to hearing your advice. We
16 will be listening very carefully and have an
17 opportunity to ask questions of you as you make your
18 statements. And with that, I will sit down and thank
19 you.

20 MICHAEL LEPORTE: This is kind of a
21 James-and-James show from Washington, and when you
22 guys get off the WTO circuit, you might consider a
23 fine wine, James and James.
24 Our next guest that I want to introduce to you
25 James Schroeder, Deputy Undersecretary, Farm and

1 Foreign Agricultural Services with the Department of
2 Agriculture. He's principally concerned in that job
3 with international trade issues and the government
4 services and programs. Before joining the USDA in
5 1993, he was a practicing lawyer in Washington D.C.,
6 and he specialized in international trade issues.
7 Prior to moving to Washington, he practiced in Denver,
8 Colorado, for eight years, primarily in the area of
9 natural resources and resort area development.

10 So please help me in welcoming Jim Schroeder.

11 JAMES SCHROEDER: Good morning everybody. I'm
12 delighted to be here. I, of course, join my
13 colleagues in welcoming you to this WTO listening
14 session. You've heard the bad news. I'm a lawyer,
15 I'm a bureaucrat from Washington, I'm even from
16 Colorado. The good news is, through my wife, I've got
17 so many relatives in this state, you wouldn't believe
18 it from Auburn and Lincoln out back east, all the way
19 to Ogallala on the west. My mother-in-law was born in

20 Gibbon, went to this school when it was Kearney State
21 Teacher's College. My father-in-law was from Cozad.
22 I've got relatives down in Holdrege, Republican City,
23 Alma. So I'm getting a lot of benefit of being here
24 today. They all think it's wonderful when I'm out
25 here.

1 I'm also delighted to be here today because it's
2 always my privilege to appear in a group with the kind
3 of congressional leadership that you all have here in
4 Nebraska; Senator Kerrey, Senator Hagel, they're
5 articulate, they're tireless, they're leaders in the
6 Senate, particularly on agriculture. Your
7 congressional delegation; Bill Barrett, these are
8 terrific men, and they're leaders in the agriculture
9 area. I'm always delighted to be here and appear with
10 people that like. Your state leaders; we just heard
11 from your new Governor. Director Carlson, pretty good
12 guy. Used to work for some of the wrong people, but
13 that's all right. The FSA officials, doing a terrific
14 job, so you also have absolute state leaders and one
15 of the benefits in what we're trying to achieve in
16 these listening sessions, is to develop stronger
17 partnerships with our state officials and our state
18 leaders.

19 Finally, I really enjoy appearing with my

20 colleagues Jim Murphy. Jim Murphy has worked
21 tirelessly at USTR. Believe it or not, before he
22 started dealing with the Europeans, he weighed more
23 than I did.

24 And I hope in our breaks here, you'll meet some
25 of our folks from the Foreign Agriculture Service.

1 Francine Radler, for example, critical role in our
2 negotiations with the Chinese and the agreement that
3 we have reached that will finally open up China to our
4 white meat producers in the northwest and others
5 here. I hope you get to talk to them. These are your
6 shock troops. These are the people around the world
7 who are out there on the front lines dealing with our
8 competitors and our markets.

9 So this session is part of preparation for this
10 Third World Trade Organization Ministerial conference
11 that will be held in Seattle in November.

12 JAMES SCHROEDER: Last year in Geneva at the 50th
13 anniversary of the world trading system,
14 President Clinton commented on the importance of open
15 trade to all nations. He also highlighted the need
16 for the WTO to provide a transparent and open forum
17 where business, labor, environment and consumer groups
18 can provide regular and continuous input to help guide
19 further evaluation and evolution of the WTO.

20 And so this is exactly what we are trying to do
21 with this series of listening sessions around the
22 country. Get your input to help shape our agriculture
23 trade policies for the new round of negotiations.
24 We appreciate the time and effort that you have
25 all made to attend this session today. As we prepare

1 for the beginning of a new round of multilateral
2 negotiations, it is critical that we hear and
3 understand the issues that should be priorities.
4 This will help us in developing our negotiating
5 strategy.

6 We are fully aware while our national economy has
7 been booming, it has been a year of struggle and
8 hardship in most parts of rural America. So we at
9 USDA from Secretary Glickman on down, recognize that
10 much of agriculture is going through an extremely
11 difficult period right now.

12 At USDA we are marshaling all of our resources to
13 address this economic situation. We are making sure
14 that emergency economic relief gets to producers as
15 soon as possible, that strengthening of the farm
16 safety net is at the top of our agenda, that the
17 consolidations and mergers sweeping agriculture are
18 subject to proper scrutiny, and that we continue to
19 press to open new markets for our exports.

20 So what I would like to do here with the slides
21 is to make a brief presentation that will set the
22 stage for our discussions today.
23 We'll address the following areas: the critical
24 role that exports already play in agriculture.
25 Second, the role that trade agreements have

1 played in obtaining the current level of agricultural
2 exports.

3 And third, our goals for the upcoming WTO round
4 of negotiations.

5 After our presentation, we expect to hear from
6 you the people most directly affected by these
7 agreements. We need to hear your experiences with
8 trade agreements, what is working, what is not working
9 and how to move forward.

10 Now as Jim Murphy has alluded to, exports are
11 critical for agriculture. U.S. agricultural exports
12 reached almost \$54 billion in 1998. Agricultural
13 exports support nearly 750,000 jobs. Products of
14 nearly one in every three harvested acres are destined
15 for overseas markets. Even in the current downturn,
16 about 25 percent of agricultural sales are export
17 sales compared with just 10 percent on average for the
18 rest of our economy.

19 Again, as both the Governor and Jim mentioned, 96

20 percent of our customers live outside our boundaries.

21 So we must work to increase our opportunities to sell

22 into the global marketplace.

23 Access to foreign markets is a key factor to the

24 health of U.S. agriculture. Compared to the general

25 economy, U.S. agriculture's reliance on export markets

1 is higher and projected to grow faster. Agriculture
2 is already more reliant on exports than the economy as
3 a whole.

4 Other factors point to the increasing importance
5 of exports. The overall trend has been one of
6 increasing exports. U.S. agricultural exports climbed
7 to nearly 60 billion in 1996, up from 40 billion at
8 the beginning of the 1990's. Now exports were down
9 last year and unfortunately, they'll likely to be down
10 again this year 1999 due to record worldwide crop
11 production around the world in countries like China
12 and Japan. The Asian financial crisis which is still
13 not completed over there and the strong dollar. So
14 our exports in 1998 down, as I said to 53.6 billion,
15 and unfortunately they'll probably drop to below 50
16 billion in 1999.

17 But the global economy will rebound, the trend of
18 increasing exports is predicted to continue, and
19 exports will continue to account for a large

20 percentage of farm income.

21 Now the 1996 farm bill increased the market
22 orientation of agriculture. And so to be prosperous
23 in an increasingly competitive marketplace, we must
24 increase our exports where we have the comparative
25 advantage. Certain sectors, for example, almonds are

1 already exporting more than 60 percent of their
2 production.

3 U.S. agricultural production is increasing while
4 domestic demand for agricultural products is growing
5 slowly. Therefore we've got to develop overseas
6 markets for our products.

7 Another factor pointing to the importance of
8 exports to agriculture is how closely the level of our
9 farm equity has tracked the level of exports.

10 Expanding export markets while certainly not the only
11 tool is very important for leading us out of the slump
12 in agriculture. We must be realistic. Exports are
13 projected to fall this year. But we've got to
14 remember that 45 percent of the world's economies are
15 still in recession or depression. Until the global
16 economy turns around, we're not going to immediately
17 increase our customer base. But as a long-term
18 strategy, we must look to and expand these export
19 markets.

20 The key to expanding these markets and increasing
21 our access to customers outside the United States is
22 through trade agreements that are good for American
23 agriculture. We would not be at the level of exports
24 we are today if we had not negotiated trade agreements
25 such as the multilateral Uruguay Round of the WTO or

1 the NAFTA. Trade agreements have boosted exports.
2 Soon after the implementation of the Uruguay Round,
3 U.S. agricultural exports reached their highest level.

4 Now many factors including exchange rates and
5 factors such as financial items have lead to that
6 rise. But almost all economists agree that lowering
7 trade barriers through trade agreements is a critical
8 factor.

9 And, of course, these trade agreements are
10 two-way streets, and we must reduce our own barriers
11 as well. But because we already have one of the more
12 liberalized markets, we have very little to lose and
13 much to gain through new agreements reducing trade
14 barriers further. We are an efficient, competitive
15 agricultural producer both abroad and in our own
16 domestic market.

17 It is estimated that in 2005 exports including
18 agriculture will be \$5 billion more annually than they
19 would have been without the Uruguay Round agreement.

20 Other trade agreements have similarly provided
21 benefits. It is estimated that in 1994, 1.29 billion
22 more beef and citrus are going to Japan than we would
23 have had without the trade agreement that was
24 successfully negotiated with Japan. Jim Murphy played
25 an important role in that citrus agreement with Japan.

1 For this kind of growth to continue, we must move
2 forward with our strategy for opening markets through
3 trade agreements.

4 The Governor mentioned, NAFTA. NAFTA, believe it
5 or not, is fulfilling its promise for agriculture.

6 Our NAFTA partners Canada and Mexico have become more
7 important destinations for our U.S. products, now
8 accounting for over 25 percent of all our exports;
9 surpassing that of Europe.

10 We estimate that in the first three years, NAFTA
11 can take credit for 3 percent of additional exports
12 from Mexico and 7 percent additional exports to
13 Canada. The 11 percent growth from 1997 to 1998 in
14 exports to Mexico and Canada was especially welcomed
15 as our overall exports fell 6 percent.

16 We recognize that although we have achieved many
17 benefits for agriculture from recent trade agreements,
18 the playing field certainly is not level yet, and
19 there is much work to be done.

20 U.S. tariffs on average are much lower than those
21 of our major trading partners. When it comes to
22 subsidies, one of our major trading partners, the
23 European Union outspent us 20 to 1. We've got to
24 continue to work to make sure that health and safety
25 measures do not act as designed protection and are

1 based on science.

2 A major part of our strategy to level the
3 playing field for agriculture is to be successful in
4 this up-and-coming WTO round.

5 Why is this round important? It includes trade
6 from 134 countries. The upcoming round must continue
7 and improve on the progress made in the Uruguay Round.

8 While we in the administration are engaged in
9 many market opening endeavors, the up-and-coming WTO
10 round has got to be the center piece of our efforts.

11 Now to understand where we are going, it is
12 important to understand where we have been. The GATT,
13 or the General Agreement on Tariffs and Trade, was
14 established in 1948 and set the basic rules for
15 international trade. And we've had a number of rounds
16 or agreements over these years since 1948, and the
17 present with the most recent round, the Uruguay Round
18 concluded in 1994.

19 Two major accomplishments. Number one, we've

20 finally got agriculture on the table, and number two,
21 we now have a court. For 40 years, is you had a
22 dispute and accused some country of not following the
23 rules, but there was mechanisms to enforce the rules.
24 Now we have an organization and a dispute settlement
25 method that we can actually enforce the rules. Two

1 major accomplishments.

2 So the Uruguay Round agreements opened a new
3 chapter in agricultural trade policy.

4 Agriculture finally became a full partner in the
5 multilateral trading round. And for the first time,
6 countries had to make across-the-board cuts in
7 agricultural tariffs. For the first time, export
8 subsidies had to be reduced and internal support
9 policies that distorts trade were capped and reduced.
10 New rules set a scientific standard for measures that
11 restrict imports on the basis of human, animal, or
12 plant health and safety. And a new dispute settlement
13 process was adopted. And as Jim Murphy mentioned, we
14 used that very successfully in a number of cases.

15 The option for solving disputes in a formal legal
16 setting has been invaluable in achieving tangible
17 gains for our U.S. agriculture and has also acted as a
18 deterrent. Trading partners know that we have this
19 option if they do not live up to their agreements.

20 For example, we recently won dispute settlement panels
21 against the Europeans on beef from cattle treated with
22 growth hormones against the EU's ban. The banana
23 case. Another case against Japan's restrictive
24 quarantine requirements for fresh fruit. The Japanese
25 wanted to take every apple that came through and say,

1 okay these apples are okay and then the next apple
2 say, oh, this is a different variety, we have to do
3 all the testing. No. And the dairy policy. We won a
4 case recently on the dairy policy subsidies.

5 So we've got to maintain a firm line to ensure
6 that the banana case, the hormones case decisions are
7 carried out so our exporters have the access to these
8 markets.

9 The Uruguay Round agreement was a good start. It
10 has already contributed to increased exports, but it
11 was just a start. As I mentioned, we had eight rounds
12 on industrial tariffs and products before agriculture
13 got on the table.

14 So we want to continue and go forward and as Jim
15 said at a faster pace.

16 The next round will be kicked off at Seattle,
17 from November 30th to December 3rd of this year. 134
18 member countries. We also expect a strong private
19 sector attendance.

20 I've spent a lot of time negotiating over the
21 last three or four years actually working with the
22 USTR on China. I am pleased the USDA will support
23 USTR.

24 The third part of this is the private sector. We
25 have got to have and we value the contributions and

1 input from our private sector. They've got to tell us
2 what works in the marketplace. What they can do, what
3 they can live with, what is unrealistic from a
4 business or practical standpoint. So we all work
5 together, and we look forward in this next round to
6 continued input from our commodity groups and our
7 private sector.

8 I don't -- I think Jim has mentioned our goals.
9 We want to reduce tariffs further. Our tariffs on
10 agriculture probably average around 8 percent. The
11 agriculture tariffs of other countries probably
12 average 50 percent. So it's not level. The other
13 countries are too high, and we've got to bring those
14 down.

15 Tariff rate quotas, we want to increase the quota
16 amount and decrease the tariff outside the quota.
17 We'll talk about that more later.

18 Subsidies. As has been mentioned, the Europeans
19 out deal us 20 to 1. The Europeans probably use 80

20 percent of all the export subsidies that are used in
21 the world.

22 On state trading enterprises, it's difficult for
23 us to tell the Canadians that they have to do
24 everything the way we do it or the Australians, but
25 they're going to use a monopolistic state enterprise,

1 we think they have to use it in a responsible way.
2 We have to know what they're doing and how they're
3 doing it and hopefully over time, we'll get them to
4 see our way of thinking and get away from those
5 practices which are so uncompetitive in the world
6 marketplace.

7 Domestic support. We all support our farmers.
8 Certainly we're going to support our farmers here in
9 this country. But, again, the levels of support show
10 that globally particularly in Europe and Japan,
11 domestic support remains extremely high. And our goal
12 is to see that these programs are reduced and that
13 they're done in a way that is non-trade distorting.

14 Other issues. A very important agreement part of
15 the Uruguay Round involves sanitary and phytosanitary
16 standards, that health and safety restrictions on
17 imports should be based on sound science. We
18 certainly want to protect that.

19 And biotechnology, of course, is going to come

20 into that discussion.

21 So trade reform through this WTO process we

22 believe provides the biggest bang for the buck. In

23 one agreement, for example, we can get 134 countries

24 to cut tariff barriers on exports. But getting all

25 these countries to agree on major reforms -- it's

1 difficult, but it's worth the time and effort.

2 Again, as Jim has mentioned, we've done a lot
3 preparatory work in Geneva, but we need continuing
4 discussion, and that's why we're holding these
5 listening sessions. We need your support, your
6 suggestions, including specific proposals you may have
7 for our negotiations. You can make your voice heard
8 on these issues, make your views known to your local
9 farm groups, to your state government representatives,
10 to your Legislators or the executive branch, through
11 our Agriculture Trade Advisory Committees and, of
12 course, through your federal representatives.

13 We want to send a clear message to the rest of
14 the world that agriculture is a top priority for the
15 United States and that we remain fully committed to
16 open markets and fair trade. But we need your support
17 to achieve and make sure that trade agreements
18 continue to work for American farmers and for U.S.
19 agribusiness.

20 So don't hesitate to give us your views on the
21 Internet or in letters, cards, or whatever.

22 In conclusion, U.S. agriculture is--whether we
23 like it or not--already a globalized industry. It is
24 inevitable that globalization is going to continue.

25 To establish the best international rules for

1 U.S. agriculture, we must stay engaged in this process
2 of negotiation of trade agreements. Our next major
3 opportunity will begin this November in Seattle.

4 We thank you for your interest, and we hope that
5 we have your input not only now but as we begin and we
6 go forward with these important negotiations.

7 And I haven't told any Nebraska jokes. Thank
8 you.

9 MICHAEL LEPORTE: Thank you, Jim. Now it's time
10 in our program to hear from our Congressional
11 delegation. And as Jim mentioned in his remarks, they
12 are respected indeed in Washington, and we are very
13 fortunate in this state to have the kind of a
14 Congressional delegation that we do that goes to bat
15 for agriculture. And the people that I am going to
16 introduce to you again need no introduction, so I'm
17 not going to spend a great deal of time introducing
18 these folks. I'll give you just a few brief facts,
19 Senator Bob Kerry is going to be our very first

20 individual. He'll come up and speak with us this
21 morning from the Congressional delegation. He serves
22 on the key committees that are agriculture, finance,
23 he's Vice Chair of the Select Intelligence Committee,
24 has been a real leader in recent calls for agriculture
25 reforms. Senator Bob Kerrey.

1 SENATOR KERREY: Governor Johanns, nice to see
2 you this morning. Senator Hagel, good to see you,
3 Dr. Barrett and all the rest of you here this morning.
4 I was wondering what it was like to try to gather
5 words of somebody who was signing a speech in the
6 dark, and there are times when our trade policies seem
7 a bit like that.

8 First of all, let me say that I agree with what
9 Jim was saying. I think it's inevitable and to our
10 advantage for the United States of America to lead an
11 effort to not just enter the next round of the -- of
12 the trade talks at the ministerials in Seattle but to
13 continue to lead for reduction of trade barriers
14 worldwide. We have fewer numbers of tariffs, 67
15 percent of our products are tariffed against 50
16 percent worldwide. We have a considerable amount of
17 agriculture products today that we can sell if we get
18 access to foreign markets whether that market be Japan
19 or whether that market be the European Union.

20 We have made considerable progress in my view in
21 the Uruguay Round and with NAFTA in moving to a world
22 where if I want to sell something, I'll have a direct
23 tariff as opposed to some non-tariff barrier that is
24 essentially an effort to deny the access.

25 There are obviously considerable amounts of

1 problems that continue to remain between us and
2 trading partners, the key being the disputes that we
3 have with the Europeans hormones and by the way, our
4 trade policy has to be comparable to what Al Capone
5 once advised was that a smile will get you a long ways
6 in life, but a smile and a gun will get you a lot
7 further. By that, I mean that I do think it is not
8 only appropriate but I think necessary for the
9 Europeans for the hormones be the same thing with
10 genetically modified organisms and that in other areas
11 the European Union has already indicated that they
12 intend to give their farmers preferential access to 90
13 percent of that marketplace in violation of any panel
14 and any determination that is adverse to them. And we
15 have to be prepared to put not just kind of the duties
16 on but kind of putting the duties on for getting them
17 to modify their behavior.

18 I'm going to say as well that my view is that I'm
19 not going to spend a great deal of time at -- I've

20 expressed it earlier, it is a difference of opinion of
21 some. I do think that our own domestic farm policy is
22 going to need to be changed. You can see the
23 significant differential and the expenditures that are
24 made between the Europeans and Japanese and in the
25 United States.

1 We are going to depopulate significant portions
2 of our agricultural sector while we wait for trade
3 policies to influence domestic policies either in
4 Europe or in Japan. I do not think that's beneficial
5 to our rural communities for us to do so and believe
6 that we have to be entering these trade negotiations
7 with a very open mind and watch what's going on inside
8 of our own country. And while we work and hammer and
9 negotiate and try to get improved access and reduce
10 tariffs throughout the world, I think we have to make
11 certain that our own domestic producers 500,000 or so
12 still full-time family farmer operators have a chance
13 to be profitable. At 1.85 corn, that's not likely to
14 be the case.

15 In Europe, there is still considerable amount of
16 prosperity. As they entered into the ministerial
17 negotiations with us, they have a stronger hand in my
18 view as a consequence of looking at the help that
19 they've got not only on their farms but in their rural

20 communities.

21 There are a number of issues that I hope that
22 we're able to address today in these discussions that
23 we'll hear from Peter Scherr and others from the USTR.
24 On some problems that we're having with trade, and one
25 of the things I think it's very difficult to do with

1 citizens, is to get their support for trade -- good
2 trade policies if trade agreements we entered into in
3 good faith are not honored by our trading partners.
4 I've seen examples of that with the Europeans
5 with the hormones. This may be a case where this is a
6 environmental safety issue. It is not effort to
7 protect their marketplace. Their already inefficient
8 system of growing the cattle and the price is quite
9 high. If they had to accept the U.S. beef on a
10 competitive basis, their industry would be under a
11 considerable amount of stress to put it mildly and
12 thus they protect their market. That's what the
13 Koreans are doing, that's what the Japanese are
14 continuing to do. They'll do it for all their kinds
15 of reasons and excuses, but what they're basically
16 trying to do is to protect the very inefficient
17 domestic industry. And we've got to -- as I said,
18 we've got to make certain if we have an agreement with
19 them, that we both have the -- have the muscle and the

20 tools to be able to put pressure on with duties and
21 deny them access and preferential ways. But we also
22 have to make certain that they know that whether it's
23 part of a main agreement or whether it's a side
24 agreement such as we currently have with sugar, I'm
25 very much interested in what the trade representatives

1 will have to say.

2 In Nebraska we signed on to NAFTA with the
3 understanding that Mexico would not be able to import
4 beyond their quota into the United States. We went
5 through significant restructuring in the United States
6 as a result of the movement of corn sweeteners in the
7 soft drinks to replace 100 percent of the sugar that
8 went into soft drinks. The Mexican government said
9 you don't understand, the Mexican taste is different,
10 that's not going to happen in Mexico. They signed a
11 letter indicating if it did happen, they would not go
12 beyond that quota. Now they're saying they don't want
13 to honor the agreement.

14 Likewise with dryable beans, we were supposed to
15 be given an opportunity to sell 57,000 metric tons of
16 dryable beans without any tariff quota being imposed.
17 Mexico went through an auctioning process that has
18 been very difficult. They've delayed the auction this
19 year which is putting a lot of pressure upon our bean

20 growers. Again, we have a significant number of
21 dryable bean growers in western Nebraska.

22 It is a U.S. issue, and the essential issue for
23 us is -- as political representatives is that we
24 signed on to an agreement, we were told that the
25 agreement meant something, our trading partners are

1 not honoring the agreement, and immediate action has
2 to be taken with Mexico on both of these items, both
3 to signal to them that we're not going to lie down
4 when an agreement is not honored but also to make
5 certain that the political environment that our
6 citizens are willing to support these kinds of
7 agreements in the future. If there aren't enforcement
8 mechanisms to make sure -- to make certain that the
9 United States of America that has the most open
10 markets at all, that we're not going to be played for
11 fools after an agreement is signed. If there aren't
12 enforcement mechanisms, I think it's going to be very,
13 very difficult for at least the House to get the votes
14 necessary to get any future president the trade
15 negotiating authority necessary to negotiate these
16 agreements.

17 Anyway, I looked forward to a listening session.
18 I appreciate those who have come today to listen. I
19 want to thank both the Secretary and Trade Ambassador

20 Barshefsky for sending trade representatives here. I
21 think it's an important thing that they have an
22 opportunity to listen to people that are affected
23 directly both positively and negatively by trade. I
24 look forward both to their statements and to the
25 testimony that's offered by Nebraskans.

1 MICHAEL LEPORTE: Next we're going to hear from
2 Senator Chuck Hagel. He serves on some key
3 committees, Foreign Relations, Education are a couple
4 of them. There are some others, of course, that he
5 serves on. He's been a real outspoken,
6 common-sense-approach type voice in Washington as far
7 as environmental issues are concerned. And heavens
8 knows we need more of that as it's come to the
9 forefront in terms of the global warming issue. It's
10 my pleasure to welcome Senator Chuck Hagel to the
11 podium.

12 SENATOR HAGEL: Mike, thank you and good
13 morning. I too wish to add my welcome and thanks to
14 all of you who have taken a Saturday to come present
15 your views and thoughts.

16 As Jim Murphy, Jim Schroeder said and as
17 Bob Kerrey just mentioned, we need to listen to
18 producers. We need to learn and listen. And we in
19 Washington can frame a structure and deal with the

20 mechanics of trade issues, but it is the producer who
21 is the key to all of this. For all the reasons that
22 you understand. I appreciate very much Merlyn
23 Carlson. Thank you, Governor Johanns, for hosting
24 this. As Bob said, we're grateful to the USDA and
25 United States Trade Representative's offices and to

1 the Secretary and Ambassador and for both Jims being
2 out here.

3 I enjoyed coming to Kearney. I spent a year and
4 a half in the 60's here trying to get educated. It
5 was not the fault of this institution, they were not
6 successful. But fortunately the statute of
7 limitations has I think taken hold and outstanding
8 warrants are probably not in force for me. But I also
9 want to acknowledge the University for putting this
10 together because you have a facility that is well
11 suited for this.

12 Let me build on a couple of comments that Senator
13 Kerrey made and Jim Murphy and Jim Schroeder on what
14 is ahead of us. It seems to me that if we are to be
15 successful in the area of trade, and I think Secretary
16 Glickman had it exactly right when he appeared before
17 Senator Kerrey's Ag Committee on Thursday when he said
18 the best hope to escape the current ag prices is
19 through exports. It is exports. It is trade. And we

20 can talk about am payments, we can talk about Freedom
21 to Farm, and we can talk restructuring and retooling
22 and a lot of things. But if we don't find markets for
23 our products, then all of this is just temporary. And
24 we can go deeper into the issue of culture and the
25 bucolic scenery of farms and the good life, but if we

1 don't find those markets, and if we don't open up
2 those markets, this is just a very, very temporary
3 exercise. And I think you all understand very well,
4 and I think Jim's slide show reflected very accurately
5 the numbers that are stated that we are dealing with.

6 I believe like in almost everything, but in this
7 case especially trade, that it needs to be dealt with
8 in the completeness of the issue. What I mean by that
9 is, you can't take, for example, NAFTA in 1994, and I
10 happen to support NAFTA. It's flawed. Bob Kerrey
11 brought up a couple of examples of where we need to do
12 better, but it's measurable. It is very measurable,
13 and it has worked. It's got problems, yes, but it's
14 worked. Any time you continue to move too much bring
15 barriers down -- trade barriers down, we're making
16 progress. We're not fixing it all, but we're going to
17 the right direction.

18 But my point is this, in 1994 when we began the
19 NAFTA agreement and working our way down through that,

20 was the same year that the President lost his
21 authorization for fast track. So we're working one
22 track here on NAFTA but yet the President over here
23 without any fast-track authority. That's an example
24 of what I am referring to when I say completeness of
25 trade. Sanctions.

1 Bob and I and a number of us in the Senate are
2 working hard to bring some leadership to doing away
3 with the policy of unilateral economic sanctions.
4 And, of course, agriculture historically has always
5 been hurt worse, and do we improve or do we alter the
6 behavior of nations when we say we're not going to
7 sell you the wheat? We'll show you. The Australians
8 and others, the Canadians turn around and sell them
9 the wheat. So that's another dynamic. Regulation,
10 past policy, that's all part of what was committed to
11 in 1996 Freedom to Farm Act but also an important part
12 of the entire package of exports trade.
13 Let's pull some EPA regulation off the producer.
14 Let's bring some common sense to what we're asking you
15 to do and what regulations we're asking you to abide
16 by. The tax policy, there have been a number of us in
17 Congress who for sometime have advocated doing away
18 with inheritance taxes. That's another clear,
19 measurable, precise example of how we could help.

20 So there are many, many pieces of trade and export
21 policy that we need to put into place, not just one or
22 two.

23 I was handed a piece of paper this morning when I
24 got on the plane to come out here which many of you
25 have probably seen this or are aware of this. This is

1 a very clear example of what's happening to us in the
2 United States. The fast track is a very good example.
3 You know what's happened in Rio deJaniero this
4 weekend, early next week? The European Union is
5 meeting with representatives about the trade agreement
6 15 members of the EU meeting with the 6 members plus
7 30 other nations from Latin America and the Caribbean
8 to start working out a trade pact between the
9 Europeans and South America, but yet our President
10 doesn't have fast-track authority. Something is wrong
11 here. We've got some obvious vacuums.

12 What all this traces back to--there's not a
13 person in this room that doesn't understand it--is
14 leadership.

15 Trade must be a priority. Trade must be a
16 priority of the Congress, of the Governor, of the
17 President, of everybody. And if it is not a priority,
18 there will be no leadership and somebody will fill
19 that trade vacuum just as the European Union is doing

20 today in Brazil.

21 And again we can craft the technology, and we can
22 move a little bit of regulation here, and we can talk
23 about, well, we ought to adjust the farm, and we can
24 tweak. But overall it doesn't mean anything unless we
25 come at this with a completeness of a policy, of a

1 leadership and prioritize that and do all the things
2 we need to do. Cut the silly sanctions, eliminate
3 them, bring in a tough negotiator.

4 And by the way Ambassador Barshefsky and her team
5 have been terrific. I think the President made a
6 fundamental error -- fundamental error he turned the
7 Chinese away. When Premier Wonjou was here after
8 Barshefsky's team negotiated one of the finest
9 packages this country has ever seen. I think Glickman
10 and his team is doing a good job.

11 We all have a lot to do. It's not the fault of
12 one person or one group. We all have to come together
13 and an organization that is represented here as a
14 total group of people with the foundation being the
15 producers, listening to the producers, then I think we
16 need to start to build something and make some sense.
17 We are going to have some difference of opinion. I
18 don't agree with Bob Kerrey on some of his points on
19 this. He doesn't agree with me. But I think we have

20 all one mutual common denominator interest of
21 everybody in this room, and that is to sell the
22 products. It's to open those markets, break down
23 those barriers and get those markets so we can get our
24 product out. If we don't do that, there is not much
25 in the future for American agriculture.

1 Well, I am again pleased to have an opportunity
2 to be here and to listen to the comments today and
3 grateful to all of you that have made this happen.
4 Thank you very much.

5 MICHAEL LEPORTE: Now, we'll call upon
6 Congressman Bill Barrett to come forward and give some
7 remarks. Talk about some key players in agriculture
8 scene, it doesn't get any more key than this, Vice
9 Chair of the Ag Committee for the whole House Ag
10 Committee. He chairs the Subcommittee on General Farm
11 Commodities where a lot of the regs are written; the
12 guy that can get it done. Congressman Bill Barrett.

13 CONGRESSMAN BARRETT: Thank you so much, Mike,
14 and let me echo the comments of the preceding speakers
15 when I thank Governor Johanns and Director Carlson and
16 his team and anyone who has had anything to do with
17 putting this listening session together. I think it's
18 very timely, and I think Nebraska needs to be
19 congratulated for being one of the 12 sites for the

20 listening sessions around the country.

21 Chuck, I like what you said about Barshefsky and
22 her team. I echo those comments as well, and also I
23 think Dan Glickman is doing a good job. I've been
24 particularly excited in some of the hearings that
25 we've had with Charlene Barshefsky, Peter Scherr and

1 that team and also the hearings that the House
2 agriculture committee had last week with reference to
3 the WTO meeting to take place in Seattle in late
4 November. This is one of the finest negotiating teams
5 that I can remember in my entire lifetime. I think
6 they're doing an exceptional job.

7 The USTR and USDA are on track, and they are
8 working for agriculture trying to negotiate the best
9 deals that they possibly can. Gentlemen, I couldn't
10 agree with you more to say it was a mistake for the
11 administration to back away from the Chinese
12 agreement. At the very essence where it was ready to
13 be consummated, and we bombed an embassy and
14 apparently the administration got some poor advice.

15 I recall very specifically one of the comments
16 that Charlene Barshefsky made. She said--and Jim you
17 mentioned it earlier--had that been completed, tariffs
18 on, for example, livestock would have fallen 45
19 percent, 12 percent by the year 2004. Unbelievable.

20 Restrictions on wheat coming out of the northwest
21 would be lifted in China and on and on and on.
22 So I'm delighted that the essence of this session
23 today is highlighting trade because this is the key.
24 This is the key to the success of production
25 agriculture.

1 Article 20 of the Uruguay Round agreement on
2 agriculture calls for a continuing improvement on
3 trade -- world agriculture trade by 1999. And I
4 couldn't agree more. This is the most critical
5 element when we look to the future, trade -- enhanced
6 trade, increased trade, new markets. This is the
7 bottom line.

8 The goals for the upcoming WTO negotiations
9 including or do include number one, a decrease in
10 agricultural tariffs; number two, a reduction in
11 export subsidies; number three, physical and state
12 trade enterprises; and number four, assurances
13 that science and not protectionism are the basis
14 for our worldwide trade rules. This makes much sense
15 to me.

16 Our agriculture markets are open to imports, our
17 tariffs are low. I know Jim Schroeder mentioned it
18 and he mentioned it very well. Worldwide tariffs are
19 running around a 45 percent. Our tariffs now are

20 running from 8 to 10 percent. And it's to the
21 advantage of U.S. agriculture that we continue to open
22 markets and remove those barriers to our ag exports.

23 Much of the decline in the loss of exports is, of
24 course, due to the terrible financial situations in
25 Asia and elsewhere around the globe. I recall talking

1 about much of the reliance on exports, but all of us
2 should worry a little bit more about free trade
3 argument that is beginning to lose a little bit of its
4 luster.

5 I cite something that occurred on the other side
6 of the hill in the last week, and my colleagues were
7 debating a steel agreement. A bill that will would
8 have sharply restricted imports of foreign steel.
9 This was clearly a protectionist piece of legislation
10 at the time, and I'm glad that it was defeated
11 but- - -

12 SENATOR HAGEL: And both senators voted against
13 it by the way.

14 CONGRESSMAN BARRETT: I hear you loud and clear.
15 But legislation like is going to affect us. This
16 means that we're going to have retaliation on U.S.
17 agriculture. We've seen it time and time and time
18 again.

19 During the '99 WTO negotiations, there were

20 several issues that -- there are several issues I
21 think ought to be addressed. I think they're
22 important. There are a lot of issues that should be
23 addressed. Two of them jump out at me. As long as
24 I'm here, let me share with you. One is the age-old
25 question of state trading enterprises. Jim Schroeder

1 and Jim Murphy both touched on it, and the other one,
2 of course, the rules for trade regarding bioengineered
3 products, and this has been mentioned previously as
4 well. I think each of these issues need to be very,
5 very carefully examined, very carefully considered.

6 We talk about the Asian crisis. The economic
7 stagnation of farm beef is, of course, due in large
8 part to the Asian financial crisis, but it extends
9 elsewhere as well. It seems like well, not only
10 Canada, Europe, Japan, but take a look at our closest
11 trading partner and our best friend probably, and that
12 is our neighbor to the north, Canada. It seems like
13 all the debate on wheat exports eventually centers on
14 the Canadian border. So many of decisions that are
15 being made in that regard are being made in Winnipeg.
16 The decisions that are made in Winnipeg and Ottawa
17 certainly affect dramatically what happens in this
18 country and certainly in Nebraska.

19 An additional concern as far as I'm concerned

20 especially for the European community is a review of
21 the GMO's, and this has been touched on as well. I
22 simply say that the GMO's have not been considered
23 entirely in the European Union and other nations as
24 well. We raise biotech corn and soybeans in Nebraska
25 for obvious reasons because of the many benefits

1 associated with the use of the product, but it's not
2 universally accepted. And this is certainly an area
3 that our negotiators need to zero in on when they
4 convene in Seattle.

5 I think another important issue with this round
6 of negotiations is China, and that was touched on a
7 moment ago as well. The ascension of China into the
8 WTO. This is I think one of the best things that
9 could happen to us. It could be tremendously
10 beneficial to our production agriculture.

11 In this week's hearing before the House Ag
12 Committee, Ambassador Barshefsky touched on it along
13 with her staff, Peter Scherr and did a nice job of
14 sharing with us what could happen up to this point and
15 at a previous briefing she did as well. If China is
16 accepted into the WTO -- this question was asked,
17 Ambassador, what did the United States give up? What
18 did we have to give to China in order for you to get
19 this kind of a positive agreement? And she said

20 absolutely nothing. Absolutely zero. And what an
21 impression that made on the members of the Agriculture
22 Committee at that particular time. I urge the
23 negotiators to certainly continue to pursue the
24 possibility of China's ascension into the World Trade
25 Organization.

1 Lastly, but certainly not last as far as I'm
2 concerned and, Chuck, you touched on it as well is
3 fast-track negotiating authority. So many of us have
4 worked so long and hard on this issue over the past
5 several years. This is a tool which the
6 administration needs to help negotiate agreements with
7 other nations. Every administration I believe since
8 the Ford administration has had this kind of
9 authority. It's a wonderful tool. The House has
10 passed fast-track negotiating authority, and I can
11 tell you in all honesty that some of the folks, some
12 of the "yes" votes that were passed by members on both
13 sides of the aisle were extremely difficult votes.
14 But it passed. The administration needs to get behind
15 fast-track trading authority with all of its
16 collective strength. It will not pass without the
17 help of the administration. And when we hear now the
18 speech which was made at the University of Chicago,
19 the commencement address, the President is now saying

20 we must get behind fast-track trading authority. I
21 say to myself, where has the administration been all
22 this time? So negotiators, ambassadors, members,
23 please, please do everything you can to emphasize the
24 importance of that tool to be given to the President
25 of the United States to allow him to negotiate some

1 good agreements.

2 So in summary, I'm confident that we'll have a
3 good session in November. I'm confident both the
4 House and the Senate Agriculture Committees will
5 carefully examine the present position of ag trade,
6 and you can be sure that we will continue to closely
7 monitor what's happening with regard to the
8 administration's plans or defending fully this
9 country's farmers and ranchers at the WTO Ministerial
10 in Seattle.

11 Thank you again. Thank you, Merlyn. Thank you,
12 Governor, and thanks to others who have had anything
13 to do with these matters.

14 MICHAEL LEPORTE: Thank you, Congressman Barrett.
15 And I think we really should thank these men for what
16 they are doing as a team. And as you have heard them
17 say earlier today, they don't always agree, but they
18 have the dialogue in a professional way. And I admire
19 the way that this is being handled on the part of our

20 Congressional delegation and our governor. Let's all
21 just give them a big hand for what they do. Thank
22 you.

23 We're going to take a short break, and I might
24 just mention for the media that are here that
25 immediately following this session, right now there

1 will be a news opportunity with the Governor and the
2 Congressional delegation in room 219. If you could be
3 back in your seats at about 25 after, we'll resume
4 10:30 straight up, there is some coffee and some
5 refreshments back there for you. See you in just a
6 couple of minutes.

7 (At this point, a break was taken
8 from 10:25 to 10:35.)

9 MICHAEL LEPORTE: All right. I think we'll go
10 ahead and get started. If everybody would come in and
11 take their seat. We need to give you a little bit
12 more information after we get into our testimony
13 session which is just around the corner here. What
14 we're going to be doing is, there will be some open
15 microphone opportunities, and if you've not already
16 talked to the people at the front desk, you need to do
17 that because you need to get signed in there if you
18 plan to testify later on today, and they'll get you on
19 that open microphone list if there's still an

20 availability there. It's a first come, first serve.

21 So if that's not been done yet, we would appreciate

22 your doing that just as soon as possible.

23 Well, it's my pleasure to continue here as we

24 introduce the guy that has really been responsible for

25 helping to put all of this together and coordinate it.

1 A lot of work has gone into this on the state level.
2 The State Ag Department has done a lot of the legwork,
3 and the individual that has been responsible here for
4 doing the coordinating of that is Merlyn Carlson. And
5 what do we say about Merlyn? Everybody in the ag
6 circles in the state of Nebraska are well acquainted
7 with Merlyn. He goes back with a lot of leadership in
8 the beef industry, past President of the Nebraska
9 Cattleman, past President of the National Cattleman.
10 He has been the Chairman of the Nebraska Beef
11 Council. Right now he's the Vice Chairman of the U.S.
12 Meat Export Federation, next year will be serving as
13 Chairman and at the same time will be doing all the
14 duties as State Agriculture Director, so here's an
15 overachiever. Merlyn Carlson, let's welcome him to
16 the podium.

17 DIRECTOR CARLSON: Thank you very much, Mike, and
18 I can't say thank you enough for the opportunity to be
19 here and for all of you to have taken time to have

20 come. I just can't say enough for the presenters
21 this morning, Jim Schroeder, Jim Murphy, and now
22 Senator Kerrey and Senator Hagel and Congressman
23 Barrett for all of the good messages they've had.
24 It's been -- it's been worth it just to have those.
25 But now we come to the listening part of the day

1 that really we have designed this program for, a
2 listening session. And I just am so glad, I guess you
3 would say this is act two now as we begin in our
4 discussions this afternoon.

5 And let me say that I've had a great, great
6 interest in this export and this whole trade area in
7 creating greater opportunities for agriculture
8 products in the ever-growing world.

9 And this listening session, as I said, is your
10 session, and it's yours. We want to hear from you,
11 and it's your testimony that we want and the open mike
12 sessions, if something comes to your mind, you know,
13 please share in those now following here later this
14 morning as well as later this afternoon.

15 But I would also like to thank Mike LePorte and
16 that golden voice and the golden personality that he
17 brings for agreeing to moderate and to coach this very
18 important event. So thanks to Mike.

19 Thanks to the Farm Service Agency, its Director

20 Mark Bowen and the State Committee member Ruth Leech
21 and Susan Frazier, Wayne Ziebarth, Allan Wenstrand of
22 the Department of Economic Development and his team,
23 we say thanks, Allan, for the University of Nebraska
24 at Lincoln and Kearney, we say thank you. And all to
25 the State Senators who are here and will be coming, we

1 say thanks to you for being here, our Congressional
2 delegation, our distinguished Governor, we say thanks
3 for your help in putting this all on.

4 I would also like to alert you that the
5 proceedings of this day will be recorded as you see at
6 the time, and if you would like a copy, please ask
7 them.

8 But as we begin this morning talking about and
9 focusing on the World Trade Organization, the
10 ministerial meeting that's about to occur out in
11 Seattle, this is our focus, this is our area that
12 we're going to be talking about. I've had great
13 interest in that and you do too or you wouldn't be
14 here. I think our access to the world marketplace is
15 going to be addressed there and the level of
16 subsidies, the tariffs, the nontariffs, the trade
17 barriers that many, many countries place against our
18 products will be considered.
19 You know the figures used by the Governor and by

20 the Jims now this morning I think probably is a good
21 way for me to start out too. That the need to
22 consider the facts that the United States produces
23 nearly half the world's food yet only 4 percent of the
24 world's population is within our borders, but we have
25 markets like in Asia that have half of the world's

1 people. And so that clearly underlines the need for
2 opening and strengthening relationships with those
3 export markets.

4 And you know agriculture should be first to the
5 forefront as we've heard our Congressional people say
6 in the negotiations as it was in the Uruguay Round.
7 This will assure an opportunity to address many of the
8 international agriculture reforms which are essential
9 to providing greater demand for our U.S. agriculture
10 products. If world trade rules are going to open
11 trade and agriculture products, the United States and
12 other exporting nations will have to lead the way, and
13 we've heard that this morning from Jim Schroeder so
14 eloquently presented.

15 The United States needs strong trade negotiating
16 authority to clearly demonstrate our commitment to
17 trade levelization, and I too would echo the --
18 Ambassador Barshefsky and the Secretary Glickman and
19 the work that they're providing in leadership.

20 Another area that needs to be mentioned of equal
21 importance is the impact of our currency devaluation
22 on trade flows. And that should be considered in our
23 next round in Seattle. Probably would be a side
24 agreement -- should be considered.

25 Under the 1996 farm bill, our nation's farmers

1 and ranchers accepted the challenge to move to
2 production-based market signals. These market signals
3 came from a very competitive world market, and
4 unfortunately now many other countries have policies
5 that we've heard about earlier that have distorted
6 these market signals through subsidizing their
7 nation's farmers.

8 These subsidy programs can only be sustained by
9 keeping out competition, keeping out our products and
10 by dumping their surplus products on the world
11 market. More work needs to be done during the Seattle
12 rounds to address cuts in these existing
13 trade-distorting supports.

14 Agriculture tariffs as we've heard earlier range
15 in the area of 50 percent. In other countries while
16 U.S. tariffs are running in the 5 to 8 percent as
17 we've heard. And these high tariffs drive consumer
18 prices higher and insulate domestic producers from the
19 international marketplace. So the Seattle Round needs

20 to substantially cut and where possible eliminate
21 tariffs on farm products, and we've heard that by
22 previous speakers.

23 Those of us in agriculture are excited to think
24 about China's possible ascension into the WTO. That's
25 also been mentioned, and I would find it's almost too

1 good to be true. The opportunity to visit China here
2 this spring, and China represents an emerging and
3 dynamic market which previously has been closed to
4 U.S. for a variety of reasons. And China could be one
5 of the very important markets for Nebraska with
6 significant growth potential.

7 China has 20 percent of the earth's population
8 which is nearly 1.3 billion people and yet only 6
9 percent of the airable land. China has one of the
10 fastest-growing economies in the world, and the
11 Chinese market could easily become one of the top
12 three markets for U.S. within the next five years. So
13 we've got a lot at stake here, and entry of China into
14 WTO will bring vast markets to agriculture products
15 here in the United States and in Nebraska.

16 And could I enumerate some of the facts that's
17 been mentioned earlier here as we talk about what are
18 the facts and what kind of market is that going to
19 open up in China? Corn quotas would begin at 4.5

20 million tons, would rise to 7.2 million tons by 2005

21 with only a 1 percent duty. That's big time stuff.

22 Wheat quotas would begin with 7.3 million tons,

23 rising to 9.3 million tons by the year 2005.

24 Soybean oil quotas would begin at 1.7 million

25 tons and would to rise 3.3 million tons by the year

1 2005.

2 Pork tariff production, 20 percent to 12 percent
3 by the year 2004.

4 As mentioned earlier beef tariff reduction of 45
5 percent to 12 percent by the year 2004.

6 Other features of China's entry into the WTO will
7 level the playing field as China commits to
8 eliminating export subsidies for their agriculture
9 products. And that was a big coy for our Ambassador
10 Barshefsky to have done that, and we just say thanks
11 to Jim and Jim, and please carry that back.

12 Total elimination of agriculture export subsidies
13 worldwide should be and will be our major U.S. goal.

14 Trade disputes with the European Union as we
15 talked about earlier has typically fallen into two
16 broad categories. One, the unfair competition through
17 the use of export subsidies. And, two, the sanitary
18 and phytosanitary barriers to trade.

19 The first issue, that of export subsidies was

20 addressed in the Uruguay Round with a volume and value
21 caps placed on those who have signed in the round.
22 And this has led to a reduction attention although
23 some issues still remain.
24 The second issue of sanitary and phytosanitary
25 barriers that was dealt with in the Uruguay Round if

1 anything has become more problematic. The most high
2 profile problem centers around the EU's illegal ban on
3 the importation of conventionally produced U.S. beef
4 due to our industry's use of FDA's approved hormonal
5 implants. For the livestock sector, the most
6 important issue is one of access which as I have
7 already said, this means a return to policies based on
8 sound science coupled with veterinary equivalency
9 agreements. We must be watchful of any moves by the
10 EU to deny their own consumers a choice by the use of
11 social or socio protectionism.

12 Actually ten years of delayed tactics, ten years
13 of lost markets of the United States government brings
14 us to a time for the EU to play fair and to level that
15 playing field and open their markets.

16 Also since the Uruguay Round, concerns over
17 products of bio technology have emerged to challenge
18 our trade opportunities. Unfortunately the anti-tech
19 fever is spreading from Brittain and the EU to

20 countries such as Japan, Australia, New Zealand. Each
21 is considering labels on genetically altered foods.
22 We need to prevent the EU from rolling back progress
23 and enforce strict science-based trading rules as
24 established in the sanitary and phytosanitary
25 agreement. And the continued expansion of U.S.

1 exports depends on science remaining the only method
2 for resolving these issues. And that environment,
3 labor, and social issues should be addressed in side
4 agreements separate from trade.

5 Other issues emerging in the international trades
6 rise is that the socio protectionism. Socio
7 protectionism uses trade barriers that are based on
8 the grounds of particular production techniques,
9 management methods, or environment controls. So we
10 would ask the administration to oppose any moves by
11 the EU or any other countries to limit restrictions
12 falling under these categories as new tariff barriers.

13 So other areas we need to mention very, very
14 quickly, we must watch and reign in state trading
15 enterprises that have been alluded to earlier that
16 have been implemented which in essence block our path
17 to an open, transparent trading system.

18 I would like to now yield to the impressive group
19 of Nebraska producers who represent grass-roots

20 operations, farmers and ranchers with the impressive
21 leadership skills and credentials, and I'm confident
22 that they will bring to you to carry back and
23 influence your reports into Seattle. Their testimony
24 you'll hear today would be very beneficial as we
25 prepare for those talks.

1 I also challenge the producers here to testify to
2 be frank and to be candid in your comments so that you
3 could be constructive and informative. This is a
4 unique opportunity with the Governor, Senator Hagel,
5 Senator Kerrey, and Congressman Barrett have provided
6 for all of us to share ideas and concerns and
7 hopefully influence the very people who will shape our
8 trade destiny over the coming year.

9 Also encourage any attendants to take advantage
10 of the open microphone session as we express our views
11 to the USTR and USDA officials who are here.

12 So in closing, I would encourage the USTR and
13 USDA to keep agriculture in the front and be strong
14 lead negotiators to protect sound science and have
15 broad-based negotiations and place many agriculture
16 issues on the table.

17 So with that, may I again say thanks to all of
18 you who have shared their time to invest in this
19 listening session and thanks to the USTR and USDA and

20 all of the team that has helped put this together from
21 our agriculture to DED to FAS and all of them. So
22 thank you very, very much for that time.

23 MICHAEL LEPORTE: All right. Now comes the part
24 that we all came here for and that is the input that
25 the folks that are involved are going to be making.

1 Kevin, come on up and get positioned, and we'll
2 get you in place. Now let me give you a couple of
3 ground rules as we get started here. There are a
4 number of people that want to make remarks. As we
5 mentioned early, we will mention again because of the
6 fact that there were still some people out during the
7 break, but if you want to participate in the open mike
8 session and have not yet checked in at the front desk
9 to get on that list, you need to do that so that you
10 can participate in that later on in the day.

11 Now the way we're going to work this is that each
12 individual that wants to make remarks has five minutes
13 to do so. We have a light system, and we'll get a
14 demonstration here. The first four minutes, you will
15 see the green light. As the fifth minute begins, you
16 will see the blue -- is that blue? And then when the
17 five minutes is up, you will see the red. At the end
18 of the five minutes, I will stand, and I will give a
19 30 seconds over reminder. If we still haven't wrapped

20 up, we're going to get this. I warned Kevin I was
21 going to demonstrate on him.

22 Also we may use that same method if you stray off
23 the subject area. We want to stay on the subject of
24 trade issues as much as possible today because that's
25 why we're here, and that's why these gentlemen have

1 come to listen.

2 And while there are many other issues that
3 pertain to agriculture, if you could confine your
4 remarks as much as possible to the trade issues, we
5 would appreciate that. Kevin, go ahead.

6 KEVIN SWANSON: My wife tells me I'm color blind
7 when I dress, so do I have to pay attention to colors?

8 MICHAEL LEPORTE: When I stand up, you can wind
9 down.

10 KEVIN SWANSON: Representatives of Nebraska's
11 Congressional districts, Governor Johanns, members of
12 the USDA and USTR, I want to thank you for giving me
13 the opportunity not only to provide testimony today on
14 behalf of Nebraska's 30,000 corn producers, but also I
15 want to thank the people that took the time yesterday
16 to visit my family farm including the media and
17 members of the USDA.

18 My name is Kevin Swanson. I'm currently Vice
19 Chairman of the Nebraska Corn Board and Chairman of

20 the Board's Government Affairs Committee. I raise
21 corn and soybeans along with my wife Kelly, my son
22 Taylor and with the help of two hired men and my
23 father. I'm the fifth generation of my family to farm
24 in the area and hopefully my nine-year-old son Taylor
25 will have the opportunity to be the sixth.

1 Today you have the opportunity to hear from those
2 of us who work the land, feed the livestock and are
3 trying to make a living at what we do best. I hope
4 you leave here today with a better sense what the U.S.
5 must do in the upcoming rounds of the WTO talks to
6 help me and my friends and family farmers stay in
7 business. The three national cooperators we provide
8 funding to, U.S. Grains Council, the National Corn
9 Growers Association, and the U.S. Meat Export
10 Federation have already communicated with in your
11 office regarding specific trade problems and
12 solutions. Today, however, is where the rubber
13 meets the road. We are the real faces behind your
14 efforts.

15 I've come straight from the field this morning
16 from applying herbicide to my crop. And as soon as
17 I'm done, I'm going back to try to beat the wind and
18 the rain that is supposed to be coming. So we truly
19 are the people that will be affected by the results

20 of your efforts.

21 Freedom to Farm was designed to not only enhance
22 my livelihood but to help me enter the new millennium
23 serving the growing export market and receiving my
24 livelihood from the marketplace and not the
25 government. I hope enough of us are still in business

1 to see the benefits that supposedly await us.

2 I have to share with you what the ag economy is
3 really like. According to the Nebraska Farm Business
4 Association based at the University of Nebraska and
5 the Nebraska Farm and Ranch Management Education
6 Program operated by the state's community colleges,
7 their members experienced the worst net farm income in
8 ten years. The 1998 net farm income for those
9 enrolled was \$4,800, and that figure includes \$33,000
10 from the federal government's farm programs. Without
11 that \$33,000, the net income would have been a
12 negative \$28,246.

13 Obviously, we cannot wait much longer for the
14 United States to negotiate a market for us to sell our
15 products. It's apparent that we've met our match with
16 the EU. It may be that we win a battle or two on some
17 issues with the EU, but they are clearly winning the
18 war. Either they are better at deceiving the world
19 and the U.S., they have better negotiators or they

20 feel that the rules of the WTO flatly do not pertain
21 to them. Whatever the case, we appear to get the
22 short end of the stick.

23 My written testimony covers a lot of specifics
24 including Japan, Taiwan, Korea, and China with big
25 emphasis on the EU including both grain and red meat

1 issues. So I urge you to read through the rest of it
2 because I'm leaving some of it out here. The corn
3 prices this morning in my community, and I checked, it
4 was \$1.80 per bushel, and we still have corn in
5 someplaces that has yet to be picked up from the
6 harvest last fall piled on the ground. Corn
7 production costs exceed what I can sell my crops for.
8 The EU certainly knows how to look out for their
9 producers with extremely high domestic supports.
10 While U.S. agricultural subsidies are scheduled to
11 decline.
12 I'll close with comments regarding what
13 potentially could be at best a developing market for
14 U.S. products or at worst a giant land mine in South
15 American. My sense is the latter and the Big Bang
16 Theory if the WTO does not properly address the issue.
17 American farmers may not be able to compete with
18 Brazil and Argentina if the playing field is not
19 level.

20 For instance, the limiting of imports or
21 requiring domestic end users and processors to
22 purchase a certain percentage of domestic products
23 before being given a license to purchase import
24 product will hurt our farmers. Add to this the low
25 interest loans and free access of American agriculture

1 technology, and it may mean that South American
2 agricultural balance of trade will replace what
3 American farmers have worked so hard to provide this
4 country.

5 Eliminating export subsidies, leveling internal
6 supports and opening market access are excellent if
7 achieved. I want our negotiators to know that farmers
8 and ranchers in Nebraska want to produce the most
9 abundant, the highest quality products and be reliable
10 suppliers. If the doors are not opened and the world
11 is not open for business, then our producers will
12 certainly perish just like our perishable products.

13 Agriculture is one of those industries in America
14 that have consistently provided a positive balance of
15 trade, but that is slowly dwindling as we speak. We
16 cannot survive by praying for a drought in China or
17 South American or heaven forbid a drought in another
18 corn-producing state in the United States. We can
19 survive by being the best at what we do and that

20 includes representing our best interests in the WTO.
21 American farmers cannot be the scapegoats for internal
22 support costs. Remember early on in my comments where
23 Nebraska farmers would have been in 1998 without
24 internal supports all the while we are producing for
25 the world market. I want to thank you for the

1 opportunity I've had today.

2 MICHAEL LEPORTE: Thank you, Kevin. You are a
3 model. That is exactly -- that is a radio time.
4 That's perfect. We have a couple of State Senators in
5 the audience that I'm aware of. State Senator
6 Pam Redfield in Omaha. Where are you? Stand, please.
7 And, Jim Jones, are you in the audience? Here's Jim.
8 Matt Connealy here? Matt's here, okay. Any others
9 from the audience here? Let's give these folks a
10 hand. Thank you for being with us. You are next and
11 then behind him is Dick Gady and Sallie Atkins. If
12 you would get ready, please.

13 BRYCE NEIDIG: This is as tall as I'm going to
14 get. You saw me walk up here, so don't expect a whole
15 lot more. I'm going to deviate from my printed
16 testimony considerably because much of this has
17 already been said, and it's little use in redundancy
18 on this. Mike, I just want you to know and that I'm
19 fully aware and used to the lights. I'm a veteran of

20 the Toastmaster's Organization. We used lights always
21 in the same color scheme, and I agree Kevin did a
22 great job of timing that just exactly right.

23 I want to thank you for the opportunity to be
24 here. My name is Bryce Neidig. I'm a farmer from
25 Madison, Nebraska. Live just two miles north of

1 Madison. I live in the house I was born in; the same
2 house my father was born in. And my family has been
3 in -- the farm has been in my immediate family for 106
4 years. My grand kids think I came with the place, but
5 I didn't. I just -- that's to just establish some
6 credibility at least. My son is a sixth generation,
7 farming that same Madison County land. Our roots are
8 tied deeply to agriculture. In addition, I happen to
9 be at the present time President of the Nebraska Farm
10 Bureau Federation, and we have -- and I have been
11 deeply involved over the years in many trade issues.
12 I at one time served as Chairman of the American Farm
13 Bureau Trade Advisory Committee and have made a number
14 of trips overseas and was with the Governor this past
15 spring in April in traveling to Taiwan and Japan and
16 also a trade mission to try to open markets for
17 Nebraska agriculture products.

18 There's little use in repeating, but you're all
19 aware the Nebraska farmers and ranchers are reeling

20 from low commodity prices. As I've said many
21 times--perhaps more relevant than ever--Nebraska
22 agriculture lives or dies in the export markets. In
23 my opinion, Nebraska agriculture may die a long and
24 painful death in the 21st century global marketplace
25 if the United States doesn't take a strong and

1 aggressive role in agriculture in the upcoming WTO
2 negotiations.

3 As a producer, the importance of agriculture
4 exports to my bottom line is growing every year. On
5 average, 37 percent of the Nebraska's farm cash
6 receipts rely on the agriculture export market.

7 Our access to that market and our ability to open
8 new markets are two policy issues that will determine
9 the future of my farm operation. It does not take
10 long for Nebraska producers to understand that in
11 order to compete successfully for the export
12 opportunities for the 21st century, they need fair
13 trade practices and fair access to growing global
14 markets.

15 Overall trade agreements have generally been good
16 for Nebraska producers which I mentioned in my written
17 testimony about practices by the Canadian government,
18 and I'm just again personalizing some of this.

19 There's a small group of us -- when I "us", of

20 agricultural leaders from a number of midwest and
21 western states that are major wheat producers that
22 have been for this and this is in the third year now,
23 about twice a year meeting with some of our
24 counterparts in Canada, such groups as the
25 Saskatchewan Marketing Pool dealing with the wheat

1 practices that are going on. We are making some --
2 having some significant success in my opinion of
3 putting together agreements and willingness for those
4 people we meet with to try and deal with and lobby
5 their government as we deal with and lobby our
6 government and try and work out some of the problems
7 that we've seen happen over the years in the
8 different -- in the problems between the United States
9 and Canada.

10 It's imperative -- and here are some objectives
11 that I list for the objectives for the next round in
12 Seattle. I plan on being there at least at the plans
13 at this time. It is imperative that we begin the
14 agriculture negotiations and conclude them as early as
15 possible to put the Nebraska ag producers on a level
16 playing field with the rest of the world.

17 Number two, we must call for the elimination of
18 export subsidies by all WTO member countries. We have
19 already mentioned this a number of times. So much of

20 this is being repetitive. The level of spending that
21 happens in the world distorts world trade and
22 undermines Nebraska producer's competitiveness in
23 vital export markets.
24 Nebraska's two largest export products, feed
25 grains and live animals are undercut in the export

1 market because of treasuries of foreign countries.
2 Nebraska producers cannot compete with the EU's bank
3 account.

4 Number three, we must shorten and put some teeth
5 in the dispute resolution process and procedures.
6 Nebraska cattle producers continue to watch in
7 disbelief the delay tactics and lack of discipline
8 that the EU has displayed in regard to the compliance
9 of the beef hormones case. What good is a trade
10 agreement if one country is allowed to weaken the very
11 principles that we have negotiated? We have to be
12 more than sure that compliance will be adhered to by
13 all WTO trading partners.

14 We believe that new negotiations must include a
15 recommitment to binding agreements, to resolve
16 sanitary and phytosanitary issues based scientific
17 principles in accordance with the WTO agreement.

18 We must ensure market access for biotech products
19 produced from genetically modified organisms.

20 Recently I had farmer from England in my office
21 visiting with me, and I made a remark then about the
22 GMO and the fact that the Prince whatever his name is
23 said he wasn't going to get any more than that. He
24 said, you want to remember he's only one Brit.
25 We support a single undertaking for the next

1 round where all the negotiations can conclude
2 simultaneously.

3 Next, we must impose disciplines on state trading
4 enterprises. And I've already mentioned the fact that
5 I had been personally involved in some of these
6 efforts with our Canadian counterparts.

7 In summary, I believe if farmers and ranchers in
8 Nebraska as a whole support efforts to liberalize
9 agricultural trade throughout the world. While the
10 efforts going on into the next WTO trade round will
11 not provide the immediate assistance that many
12 producers are looking for during these tough times, it
13 has never been more important for the future of
14 agriculture to move forward with efforts to open
15 export markets. The United States has a tremendous
16 opportunity before it to shape the agenda of the next
17 round, and the Nebraska producers and the future of
18 Nebraska agriculture depend on that success.
19 I thank you.

20 MICHAEL LEPORTE: Now let me get into the swing
21 of this a little bit because what we were supposed to
22 be doing here, and, Bryce, don't go away. We've got
23 two minutes built into this five-minute segment. We
24 have these in seven-minute segments to get feedback if
25 we need any from those that are here to listen today.

1 Let me look over here and see if there are any
2 questions. Jim. I've got to do this different.
3 Mr. Murphy.

4 JAMES MURPHY: On the GMO issue, a question which
5 may not be entirely fair, obviously we are quite
6 keenly aware of the problem. It's the solution that's
7 a little tougher to come by. If you find the
8 problem's one of lack of consumer confidence in the
9 technology in Europe which I think is fundamentally
10 the issue here, how does one address that problem?
11 And who should be doing what about that? Should it be
12 a matter of education, should the seed companies be
13 doing this? Should the U.S. government be doing this?
14 Who has the credibility to even speak to this issue
15 and put it in context? If you have any -- you or any
16 subsequent speakers have any thoughts on this, this is
17 one we're currently wrestling with.

18 BRYCE NEIDIG: Certainly in my opinion, it has to
19 be -- it is an issue of education. And how -- and I

20 don't really have an answer. How do we educate we, me
21 as a producer educate my counterpart or people in
22 Europe that what we're producing is safe based on
23 science? We're battling protectionism that is really
24 difficult to battle. From -- speaking from a producer
25 standpoint, one reason that I use GMO products such as

1 Roundup Ready Soybeans, I don't want like to watch
2 soybeans. I just sprayed yesterday for weeds in
3 soybeans. I planted all GMO Roundup Ready Soybeans
4 in the blind hope, if you will, that there will be a
5 market for them. So far where I market my beans,
6 there's no indication that there wouldn't be.

7 But we -- I promise in our my organization and
8 principally everything else, I'll do everything we
9 possibly can to do that education with our
10 counterparts and my counterparts and the people that I
11 know in the European countries to convince that this
12 ought to be, and they can understand based on sound
13 science rather than just simply rhetoric by a
14 government.

15 JAMES MURPHY: Thank you.

16 MICHAEL LEPORTE: Thank you, Bryce. Dick Gady,
17 you are next, followed by Sallie Atkins and next up
18 will be Norm Husa.

19 DICK GADY: Good morning. My name is Dick Gady,

20 and I serve as the Vice President of ConAgra, the \$24
21 billion food company located in Omaha that serves
22 customers across the food chain. I too would like to
23 commend the USTR and USDA for holding this listening
24 session on the upcoming WTO round.

25 World agriculture trade or lack of it is having a

1 profound impact on agriculture. It's certainly no
2 secret that the farm economy is struggling. What's
3 less known is that the rest of the food industry isn't
4 doing all that hot either. Both in respect to
5 historical performance and with respect to how other
6 industries are doing. Food industry profits during
7 the 1990's has been about a third of that of the
8 growth in electronics, less than half of that of the
9 growth in industrial machinery and financial sectors
10 and considerably less than the chemical and technology
11 sectors. Some security annualists refer to the food
12 industry to be in times of quiet desperation, and
13 investor expectations for the food industry stocks has
14 generally declined.

15 Most food companies have undergone major
16 restructuring over the last two to three years. And
17 tough profit conditions have forced many
18 consolidations and recent food company bankrupt.

19 My company Conagra has not been immune from the

20 impact of the cyclical down turn in agriculture. We
21 are instituting what we call Operation Overdrive which
22 is a major effort on our part to get costs out of our
23 system and to more aggressively market food products
24 around the world. We must do this in order to survive
25 in the global marketplace.

1 I provide this background not to complain but to
2 emphasize that the same developments that have hurt
3 producers have hurt food companies as well from the
4 grower to the brand food companies. We must compete
5 for capital. We must compete for employees with other
6 industries in very tight markets for both. When food
7 industry profits do not keep pace, our ability to
8 attract capital suffers, our ability to build our
9 business and remain competitive suffers, and this
10 reverberates across the total food chain.

11 Most of the negative aspects of downward pressure
12 on the commodity prices revolves around the struggling
13 U.S. agriculture. As it's been said, ag imports are
14 down about 20 percent from the peak which combined
15 with currency devaluations in Russia and Latin
16 American and others have made it difficult for the
17 U.S. to export.

18 Compounding the problem as it has been said,
19 subsidies on products that we export are about 50

20 percent. Subsidies on products that we import are 8
21 percent. This is intolerable. As Senator Kerrey
22 would probably say, we need a bigger gun, and we need
23 tough negotiations to narrow up this inequity. The
24 only economically viable way we can do this is to use
25 the leverage of other U.S. industries and other

1 free-market trading companies to bring down punitive
2 tariffs in other countries across the world in the
3 upcoming WTO.

4 U.S. agriculture cannot afford to sit back and
5 allow the trade process to regenerate. A lot has been
6 said about the percentage of markets outside the
7 U.S.. Those are true.

8 Even though devaluation and recession have slowed
9 the growth in much of Asia, most expect those
10 companies to recover. I just heard yesterday that in
11 all likelihood 1999 and 2000 in terms of world growth
12 back to back will be the softest period since the
13 depression. So we've got a deep hole to climb out of,
14 but we will. And when we do, we need the ability to
15 keep competing for growing markets.

16 I have submitted some testimony in terms of
17 potential focuses of the next trade round. I won't
18 expand on those. I don't have time.

19 But I say just in conclusion, yesterday we at

20 Conagra dedicated a new global trading facility on our
21 headquarters campus. Part of the function of this
22 facility is to more aggressively market commodities
23 around the world. This means more Nebraska corn, more
24 Nebraska beef, more Nebraska wheat will be sold.
25 Assuming that the U.S. can gain volume and, again,

1 we're going to have to rely on the upcoming WTO rounds
2 to get that done. Thank you.

3 MICHAEL LEPORTE: Any questions?

4 JAMES SCHROEDER: No, I just have a comment. We
5 appreciate this perspective from the food industry. I
6 was just looking at some figures here in front of me.
7 We tend to keep our statistics based upon three basic
8 categories: the bulk agriculture commodities, then
9 what we call intermediate products like flour, meal
10 oil and then what we call consumer-oriented or
11 value-added agriculture. And that is now our largest
12 category.

13 And I think we have a tremendous advantage around
14 the world. As I travel around, guess what? Everybody
15 likes American food, believe it or not, and so this is
16 a big area. And so we have to keep our eye on the
17 whole food industry and on our marketing. This is one
18 of our, I think, bright spots that we can keep it
19 open.

20 DICK GADY: I might make just one comment since
21 we're in the two minutes. I talked about GMO's
22 that's -- I think that's a major threat to our exports
23 particularly Europe and particularly due to the fact
24 that the European retailers are essentially taking all
25 GMO's out of their products at least in the UK. And I

1 think a possible solution to that is consumer
2 information not necessarily on the label but somewhere
3 in proximity to where GMO products are marketed. I
4 don't think we should be forced to label GMO's because
5 they're not different, but the consumer probably does
6 need to be informed not necessarily via labeling but
7 some other method.

8 MICHAEL LEPORTE: Sallie Atkins next, and after
9 that Norm Husa and Stan Rosendahl will be after Norm.

10 SALLIE ATKINS: Good morning, and I would like to
11 thank Governor Johanns, Senators Hagel, Kerrey,
12 Congressman Barrett, Director Carlson for allowing me
13 to come here and testify today. I thank you,
14 Mr. Schroeder and Mr. Murphy for being here to hear
15 our testimony.

16 My name is Sallie Atkins. I'm a cow/calf
17 producer from the heart of cattle country, the
18 Nebraska Sandhills.

19 My beef industry involvement has included many

20 volunteer roles through the years, most recently
21 becoming the Executive Director of the Nebraska Beef
22 Council. And I'm pleased to say that through the
23 years and thanks to a role model like Merlyn Carlson
24 who is a past chairman of ours, we've been able to
25 recognize the importance of export enhancement, and

1 international marketing has been a priority for our
2 board for quite sometime.

3 In production ag, we have a proclivity to let
4 others worry about issues that aren't in our backyard
5 at times. But we need to realize that exports create
6 such an opportunity for us in production ag to be able
7 to achieve profitability that we need to take a keen
8 interest in what's going on. Nebraska works very
9 closely with organizations that are skilled in these
10 matters like the U.S. Meat Export Federation to
11 enhance our opportunities and add value throughout the
12 beef production processing and global marketing
13 system. Production ag brings \$9 billion to Nebraska's
14 economy. So it's very important that those of us in
15 production ag take a keen interest.

16 USMEF is based in Denver, has offices in 11
17 countries outside the U.S.. The U.S. government -- or
18 USMEF uses government and private funding to conduct
19 export market development, promotion programs for the

20 U.S. red meat industry in over 50 foreign markets. In
21 addition, MEF works closely with the U.S. government
22 to identify and resolve trade policy and market access
23 issues affecting red meat exports.

24 Over the past ten years, U.S. red meat exports
25 have experienced unprecedented growth. Beef exports

1 have increased 120 percent and pork exports grew 212
2 percent. The starting point of much of this growth
3 was a series of market opening initiatives that gave
4 U.S. exporters access to markets that had been closed
5 to them in the past. Notable examples of such market
6 access agreements include the Japan beef and citrus
7 agreement and the NAFTA and Uruguay Round agreements.

8 Each of these trade policy breakthroughs resulted
9 from a close collaborative partnership between the
10 U.S. government and red meat industry. The time and
11 resources that both parties contributed to achieving
12 these agreements reflect a recognition of the critical
13 role the exports will play in the future health of the
14 U.S. red meat industry. They also reflect a shared
15 commitment to opening markets and building on the
16 competitive advantages that U.S. ag enjoys in the
17 global marketplace.

18 The Uruguay Round agreement was a milestone in
19 the ongoing struggle to freer global trading

20 environment for ag and food products. The Uruguay
21 Round established disciplines in areas of export
22 subsidies, domestic support, and market access. And
23 it should be the basis for negotiating further
24 liberalization of ag trade in the next round of
25 negotiations. Within the Uruguay Round framework, the

1 red meat industry has identified the following
2 negotiating priorities.

3 Export subsidies. Complete elimination of export
4 subsidies is the industry's top priority for the next
5 round. Stricter disciplines and tougher enforcement
6 mechanisms should be established to prevent the
7 emergence of new schemes to circumvent the WTO rules.
8 For example, prior to the start of the Uruguay Round
9 implementation period, the EU dumped over a million
10 tons of beef onto export markets by selling beef out
11 of the intervention stocks at a fraction of the
12 buying-in and storage costs. This would still be
13 legal under the Uruguay Round disciplines on export
14 subsidies and the EU still has 600,000 tons of beef in
15 intervention today.

16 For domestic support, the red meat industry
17 recognizes the complexities of ag politics and
18 acknowledges that the farm programs often are designed
19 to meet social as well as economic objectives.

20 Nonetheless, it is essential for the next trade round
21 to accomplish much stricter disciplines on
22 trade-distorting domestic support programs than was
23 possible in the Uruguay Round.

24 The industry's top priority in this area is
25 complete elimination of the so-called blue box

1 protection for selected trade-distorting programs.

2 In market access, tariffication of many GATT
3 illegal ag duties was one of the major accomplishments
4 of the Uruguay Round. Nonetheless, many tariff duties
5 on red meat are still unacceptably high. Existing
6 duties in key export markets such as Japan and Korea
7 must be reduced significantly.

8 In addition, red meat industries support
9 establishing a ceiling on tariffs for all ag products
10 in the next trade round similar to the ceiling that
11 already exists for industrial products. Along with
12 the ceiling, a target date needs to be set for
13 reducing all tariffs to zero. Until this elimination
14 of duties can be accomplished, existing tariff rate
15 quotas must be expanded to permit growth in exports.

16 Finally, sanitary-phytosanitary measures have
17 been talked about a lot, but it is critical to ensure
18 the continued expansion of U.S. red meat exports. One
19 measure of the soundness of the SPS agreement is the

20 fact that other countries notably the EU would like to
21 see the disciplines in the agreement relaxed to allow
22 countries to maintain measures that are not based on
23 science. To avoid this outcome, the red meat industry
24 does not support opening the SPS agreement to further
25 negotiation.

1 As I'm running out of time, I always want to
2 address advances in biotechnology today that we have
3 to go on establishing transparent, science-based
4 rules.

5 Other market access and trade policies priorities
6 need to be ascension into China to include Taiwan
7 because it has the potential for being one of our
8 leading markets.

9 Ensuring the effectiveness of the WTO settlement
10 mechanism and additional government resources for
11 market access are so key. To open markets and keep
12 them open will require additional government
13 resources.

14 The red meat industry requests that the USDA
15 establish a team of experts that is dedicated solely
16 to negotiate market opening, technical protocols, and
17 responding to new access barriers when they are
18 erected. And I wish you the best of luck.

19 Thank you for your time.

20 MICHAEL LEPORTE: Thank you. Any questions?

21 Norm Husa, you are up next, followed by Stan Rosendahl

22 and James Vorderstrasse.

23 NORM HUSA: Thank you, Mike. Thank you,

24 Mr. Murphy, Mr. Schroeder, and all of the rest of you

25 here today.

1 I am Norm Husa from Barneston, Nebraska. That is
2 the southeast part of the state of Nebraska. I'm a
3 diversified crop and livestock operation along with
4 the certified seed production and marketing program.
5 I have ten points I would like to present to you
6 today.

7 Number one, normal trading relations better
8 referred to as fast track. Yes, we must have this.
9 This is something that we've all worked at, and how
10 we're going to get it done, my point of view is that
11 one of the best ways is for the American farmer, the
12 foreign farmer, the U.S. government, state
13 governments, all producers, all people in agriculture,
14 processors, you name them, that is who has to go
15 together to get the job done. We have to do it all
16 together. I echo what's been said before.

17 Number two point is sanctions and embargoes.
18 We've been through this many, many times. We've just
19 simply got to make these move. I particularly point

20 out Cuba who is only 90 miles away from us, Iran,
21 North Korea, Libya just to name a few of the
22 countries. We've been working on these, and I hope
23 that we can get these opened up.

24 Food assistance is number three along with export
25 initiatives. We need to make available more PL 480's,

1 export credit programs which is what we used in Korea
2 this past year which worked very beautifully for
3 agriculture products as well as other products that we
4 develop and manufacture in this country. This would
5 also include some GSM money.

6 Number four, the WTO talks which you heard so
7 much about today. And, of course, we keep hearing
8 about China. Yes, China is our biggest country in the
9 world today; population wise and the need for food and
10 other products. I encourage the USDA, USTR to assist
11 in getting China in the WTO along with the many of the
12 rest of us who can help as well. Let's keep in mind
13 that India may be a sleeping giant when it comes to
14 the next 10 to 15 years. Look at the people they
15 have, 1 billion almost.

16 Number five point, food safety. Let's begin to
17 look more about labeling. You heard Dick talk about
18 this morning a little bit. I think this is something
19 we're going to have to look at because the foreigners

20 are going to demand it. Greenpeace in Europe, that is
21 who started the GMO thing, most of you realize today
22 are the ones that have really got this thing going.
23 So let's keep on with our labor and input. Once you
24 really sell your pork chop, your pork steak, your beef
25 steak, your poultry products, a broad -- instead of

1 selling soybeans and wheat and corn, let's sell them
2 all. I would rather sell the finished products.
3 Let's keep our inputs right here at home. Labor and
4 all that that goes along with it. Value added to me
5 is the name of the game in the next 10 years. And
6 value added I think is what you're going to see in all
7 of our farms and ranches throughout this country in
8 the very, very near future.

9 Number six point is transportation. U.S. and
10 international trading. We in Nebraska ship basically
11 half of our products out of the state. We use the
12 Pacific northwest as one of our main export areas. We
13 also deal a lot with NAFTA to Mexico. That's been a
14 good market for us. Many of our local elevators in
15 this state are able to ship grain straight to Mexico
16 now by rail car. Been a real big plus for us.

17 But on the other hand, the Old Miss is about done
18 as most of us know. The Mississippi River locks and
19 barges, locks and dams need to be redone so that

20 barges can make good use of it. Also the Missouri
21 River for those of you who do not know, and I'm sure
22 you two gentlemen do, they are wanting to shut down
23 the transportation on the Missouri River, take off
24 all transportation as far as cargo is concerned.
25 Let's get behind this, folks. This could be a big

1 one.

2 Number seven, water quality. Yes, the CRP
3 program may not sound like much of a program for world
4 trading, but to me it really is because that really
5 brings out environmental factors that we have involved
6 in this country and that brings out the whole world
7 too.

8 You mention the eighth point that I want to talk
9 about and that's GMO's. Yes, GMO's are a big issue
10 today. I mention Greenpeace in Europe. That's who
11 basically got behind this thing. They are nonmodified
12 as far as changing the product itself at all. But
13 Brazil as you may or may not know is going to probably
14 let the GMO issue come in. They're going to probably
15 produce GMO soybeans this year, and if they so do, how
16 are they going to keep it separate? Maybe we need to
17 look at this from the standpoint that we can send
18 non-GMO products to our foreigners as well as GMO
19 products. This may be the plus that's down the road

20 for us to look at.

21 Number nine, agriculture income protection.

22 We're the only major industry as you all know that we

23 take what they give us. We aren't able to set our

24 price.

25 And number ten, I think the commodity board,

1 promotion boards, all agricultural organizations work
2 on ag products. Let's work together to promote these
3 together through our governments. As we work these
4 new products that are developed everyday by not only
5 the commodity people but also the industry itself.
6 They're the ones that really do a good job for us.

7 So thank you for letting me have this opportunity
8 today to visit with you, and I appreciate your
9 attention. Thank you.

10 MICHAEL LEPORTE: Mr. Murphy.

11 JAMES MURPHY: Couple of questions. On your
12 comments about GMO's, if I understood you correctly,
13 you are saying we should look at the possibility of
14 segregating GMO from non GMO. The last two or three
15 years in the face of requests to do that, we have been
16 in the posture of saying it can't be done, it's not
17 economically feasible, you'd have to create a entirely
18 parallel export channel at great costs, and who is
19 going to pay for it? I'm beginning to hear from

20 others as well as yourself that we should take a look
21 at this. And the question for you is whether -- do
22 you think it is economically feasible? Will there be
23 a market to sustain what presumably will be a premium
24 price non-GMO product?
25 NORM HUSA: At this point in time, I do believe

1 there is a place for that market. Now that's the big
2 thing you brought up as it has to be profitable.
3 That's where the value-added thing comes in. It's got
4 to be profitable to the American producers. I'm not
5 talking about 20, 30 cents a bushel. It's going to
6 take more like 50 cents a bushel. But, yes, I think
7 the demands going to stay in Europe. I don't think
8 you'll switch them overnight. And other countries may
9 follow this suit. But as we mentioned this morning
10 about the talks going on in Brazil and South American
11 today, I am very much concerned about those talks.

12 JAMES MURPHY: One other question. You mentioned
13 labeling when you were talking food safety. Did this
14 also apply in the GMO's? Were you suggesting we
15 should label GMO or GMO free or should it be mandatory
16 or voluntary?

17 NORM HUSEN: I think it should probably be
18 voluntary at this point in time. I'm not saying
19 it really needs to be done entirely, but I think

20 you've got to look at it very seriously because
21 you've countries like you mentioned in Europe as
22 well as Japan, Australia, New Zealand, also South
23 Korea has looked at it. They may demand this in
24 the future. To me, you win the battle by getting
25 on front first.

1 MICHAEL LEPORTE: Thank you, Norm.

2 JAMES SCHROEDER: Let me make a quick comment on
3 fast track. And I think -- I assume in a group like
4 this everybody knows what we're talking about, but I
5 know when I went to Washington, I would sit in
6 meetings, people would start talking in code words and
7 abbreviations and finally somebody would raise their
8 hand and say, wait a minute, what are you talking
9 about? And everybody would nod, yeah, we don't know
10 either. But I want to make sure everybody knows what
11 we're talk about here. The whole idea of fast track
12 is that if our negotiators go out and get a deal, they
13 bring it back, and then it goes to the Congress and
14 it's an up-or-down vote, yes or no. We accept it or
15 we don't. In other words, we can't have 435 people
16 amending the agreement on the floor of the House or
17 over in the Senate. And so fast track says, okay,
18 bring your trade bill back and the vote is up or down.
19 And as has been mentioned, the Congress in its

20 wisdom for 20 years or more decided that's really the
21 only way to negotiate and get good agreements. Most
22 presidents -- every president has had that, but we
23 did start the last round without fast track. There
24 was I think a gap there, and we can start in November
25 without fast track. And it's embarrassing. It's

1 uncomfortable, but we will get it at some point.
2 If we don't get it this year, I'm confident we'll get
3 it next year or the year after. We'll get it at some
4 point so that we will be able to when the time comes
5 negotiate with our other countries both in the
6 hemisphere here as well. So I just wanted to make
7 sure everybody knows what we're talking about.

8 MICHAEL LEPORTE: Next to the podium is
9 Stan Rosendahl and James Vorderstrasse is next and
10 Robert Hendrickson.

11 STAN ROSENDAHL: Thank you, and I would like to
12 say thanks to those people who put this meeting on and
13 made it available for us to come up and testify.

14 I farm north of Columbus, Nebraska, and we raise
15 grain and livestock through our operation. I'm also
16 the current producer president of the Nebraska Pork
17 Producer's Association. And we feel the upcoming
18 meeting of the World Trade Organization in Seattle
19 will be of great importance to agriculture producers,

20 especially at a time of devastatingly low commodity
21 prices. The ag sector needs to see new hope of
22 opening markets for agriculture products.
23 Nebraska's economy is highly dependent on a
24 prosperous and thriving ag sector. Nebraska's
25 abundance of open land, high quality ground water,

1 and clean air all combine to produce high quality corn
2 and soybeans. Adding value to these crops whether
3 it's through wet milling corn plants or Nebraska's
4 livestock operations across the State, it benefits
5 all of Nebraska's population by turning dollars
6 through our local communities.

7 In April, I had the honor of representing
8 Nebraska pork producers on the Governor's trade
9 mission to Taiwan and Japan. I saw firsthand the
10 opportunities for Nebraska agriculture in these
11 countries. Taiwan officials specifically spoke of the
12 need for their country to enter the World Trade
13 Organization and the willingness to keep a positive
14 trade balance. The need for agriculture food products
15 to feed their high population becomes a center of
16 focus for trade negotiations, keeping fair and
17 equitable trades based on sound science must happen in
18 these negotiations. Participation in trade missions
19 such as this one will assure Nebraska producers and

20 products a place in the global picture.

21 While all the talk of increased exports and
22 opportunities sound great, I would like to inject a
23 world of caution into the mix. One of the biggest
24 complaints and the biggest reason why producers have a
25 hard time getting excited by talks of increased export

1 is the inability of producers to participate in the
2 profits of export sales. Producers are told they need
3 to promote export sales through use of producer
4 check-off dollars, yet seldom do the profits from
5 these exports benefit producers to any big degree.

6 It seems as though corporations set up to buy raw
7 ag products as cheap as possible which recently has
8 been below the cost of production, add value, and
9 export the product, keeping profits for shareholders
10 and leaving producers with huge equity losses is a
11 problem.

12 One only need look as far as the pork industry.
13 Here independent producers have lost 30 percent of
14 their equity over the last 18 months. That amounts to
15 \$203 million loss for Nebraska producers and \$3.7
16 billion loss for U.S. pork producers with continuing
17 losses today. All the while the corporate segments
18 above the producer level are thriving on record
19 profits. If this is allowed to continue not only in

20 Nebraska agriculture but also in U.S. agriculture as
21 well as of our rural communities, independent ag
22 producers, and the family farms who they represent are
23 deemed to failure. While this is an ag industry
24 structure problem, it needs to be recognized as very
25 possibly affecting the way agriculture products are

1 exported and more importantly how agricultural
2 products are viewed by other countries. Take pride of
3 ownership and take pride of producing a quality
4 product away from the independent producer, and you
5 will change the product we are exporting.

6 The consolidation and concentration of
7 agriculture will result in increased risk of food
8 safety and disease. Examples are the recent Belgium
9 feed contamination scare and the problems Taiwan has
10 had with hoof and mouth disease. Concentrate and
11 consolidate U.S. agriculture, and we increase the risk
12 of it happening here, devastating our export
13 capability.

14 Ag producers and their associations, ag
15 corporations, government authorities need to work
16 together so we can benefit from increased exports not
17 only in Nebraska ag products but all U.S. products.

18 Personally, I would like to say I don't want to
19 sound like an alarmist up here, but the pork industry

20 is in trouble especially after yesterday's devastating
21 hogs and pig report. Independent producers are being
22 forced out of the industry by vertically integrated
23 segment. The Nebraska pork industry is made up of
24 independent producers. We are now at greater risk
25 than some other states.

1 As producers call for help, it's hard to remain
2 positive when as President of the Nebraska Pork
3 Producer's Association, I can't even stand here today
4 and say for sure that I will have hogs on my place in
5 six months. Yet with heavy hearts we will try to move
6 ahead with a positive attitude to get and keep open
7 markets for our products and producers. The consumer
8 dollar and export dollars must flow down to the
9 producer level.

10 Thank you for coming to Nebraska to meet and
11 listen with Nebraska producers, and we look forward to
12 working and continuing to dialogue with all interested
13 parties in this industry.

14 MICHAEL LEPORTE: Thank you.

15 JAMES SCHROEDER: Just a quick comment. As has
16 been mentioned, I'm a lawyer, and I've only been back
17 in the USDA since '93, but one of the privileges I get
18 is to read a lot of material, market reports. And
19 what I'm going to say again, you guys probably all

20 know this, but the thing about prices and exports is
21 the way little tweaks out here on the margin are so
22 important. The domestic demand in the United States
23 for whatever it is doesn't change that much. And it's
24 fairly easy to predict, but tweaks on the exports
25 margins are what move markets by at least from what I

1 can see. And so when we are increasing exports in
2 particular key markets or when we've gotten a new
3 agreement that promises more exports in a foreign
4 market, that moves the market up. And boy when we
5 lose an export sale or have a problem in an export
6 market, the market goes down. So I would argue that
7 producers do benefit from exports because as the
8 export market moves out there on those margins, that
9 is a big factor in how those prices are being driven.

10 STAN ROSENDAHL: I definitely would agree with
11 you that producers benefit to a degree, but it's hard
12 when hogs are at \$8, now we're at 34, so not even
13 breaking even. For producers to see those benefits is
14 hard for them. Thank you.

15 MICHAEL LEPORTE: Thank you, Stan.
16 James Vorderstrasse is up next. Robert Hendrickson
17 will follow, and then Dan Morgan can get on deck,
18 please.

19 JAMES VORDERSTRASSE: Congressional

20 representatives, federal agency representatives, state
21 officials, my name is James Vorderstrasse. I am a
22 sorghum producer from Hebron, Nebraska, and appear
23 before you today as Chairman of the Nebraska Grain
24 Sorghum Producers Association. On behalf of our
25 membership and all sorghum growers in the United

1 States, we appreciate the opportunity to offer
2 comments during this listening session.

3 Grain sorghum production is an important
4 component of dryland agriculture in Nebraska and
5 contributes 150 million annually to the Nebraska
6 economy. The sorghum industry along with the rest of
7 agriculture has a vital interest in the World Trade
8 Organization negotiations because we rely on the
9 export market for more than one-third of our national
10 production.

11 A leading point of international debate that
12 needs to be addressed through the WTO is market access
13 to genetically modified organisms. As an
14 organization, Nebraska GSPA supports the sales concept
15 that the customer is always right. And as a non-GMO
16 industry, sorghum stands ready to fill our customers'
17 grain needs. We understand GMO's and support and
18 appreciate the significance of this exciting
19 advancement in agriculture production technology. We

20 encourage the WTO to negotiate and develop a set of
21 international standards and regulations that are based
22 on sound science and rational risk assessment
23 measures.

24 During the course of discussions on the GMO
25 issue, we would ask that the U.S. not lose sight of

1 the fact that non-GMO products are readily available
2 and can be marketed as such with complete confidence
3 without the additional cost and risk of an IP program.
4 U.S. sorghum fits that bill and offers both value and
5 versatility for food, feed, and fuel in both domestic
6 and international marketplace.

7 Biotechnology research currently underway offers
8 potential for sorghum industry in the areas of
9 transgenetics, and the uniform accepted set of
10 guidelines would enable the sale and transfer of new
11 technology hybrids.

12 The Nebraska Grain Sorghum Producer's Association
13 is working in cooperation with the U.S. Grains Council
14 and the National Grain Sorghum Producers to closely
15 monitor developments with the WTO and are prepared to
16 offer proposals for the further utilization of global
17 agricultural trade.

18 The following market access issues are of special
19 interest to our producers. Inclusion in minimum

20 access agreements and preferential market access
21 arrangements, the reduction of tariffs, the increase
22 of tariff rate quota levels, and the enforcement of
23 the agreement on the application of sanitary and
24 phytosanitary measures.
25 Nebraska GSPA supports the specific inclusion of

1 grain sorghum in minimum access agreements. These
2 agreements can provide opportunities in the immediate
3 future for increased exports of U.S. sorghum which is
4 competitive in international markets. Furthermore, as
5 trade restrictions are reduced and/or eliminated
6 through future trade negotiations, minimal market
7 access agreements today provide for possible future
8 foreign market development for U.S. sorghum.

9 Similarly, the inclusion of grain sorghum and
10 preferential market access agreements is vital. The
11 current preferential market access that the U.S.
12 sorghum has sustained is an example. The benefit of
13 this agreement include market access to U.S. sorghum
14 and the development of foreign market relationships.
15 Spain's internal support for this program is strong,
16 especially among the feed milling industry.

17 Reduction in tariffs imposed on imported grains
18 and the increase of tariff rate quotas must also be
19 addressed. The GATT negotiations called for the

20 tariffication of all non-tariff trade barriers. Now
21 the next logical step is the reduction of tariffs with
22 the ultimate goal of total tariff elimination. Tariff
23 rate quotas needs to be expanded as to reflect true
24 consumption needs. Some nations such as Thailand and
25 the Philippines have TRQ's that are set too low to

1 meet the needs of their feed grain consumers who would
2 welcome greater access to U.S. grain. An increase in
3 tariff quota levels would lessen the impact of the
4 restrictions imposed by tariffs.

5 The issues surrounding sanitary and phytosanitary
6 measurements have previously been negotiated, and the
7 WTO's Committee on Sanitary and Phytosanitary Measures
8 governs the international rules regulating these
9 standards which require that all SPS measures are
10 based on sound science. The sorghum industry supports
11 these agreements, and the international acceptance and
12 enforcement of the agreement through the committee.

13 On behalf of the sorghum producers in Nebraska,
14 we appreciate the opportunity for this input.

15 MICHAEL LEPORTE: Either James?

16 JAMES SCHROEDER: We have a trifecta here Jim,
17 Jim, and Jim. No, I appreciate your comments. I
18 remember when I first moved to Denver, I drove out to
19 see one of my relatives over there around Alma, and he

20 said, well, you want to go out and see my milo? And I

21 said, well I thought cousin Larry said you grew

22 sorghum. It's a joke.

23 MICHAEL LEPORTE: Robert Hendrickson coming to

24 the podium now. Dan Morgan is next and Bob Nodlinski.

25 ROBERT HENDRICKSON: I'm Bob Hendrickson. I'm a

1 diversified farmer from Shickley, Nebraska. The
2 American farmer can compete globally, but it's still
3 going to be much tougher. If we're going to have a
4 global market, then we all need to have the same rules
5 so that global agribusinesses cannot play South
6 American farmers against North American ones.

7 America cannot accept the cheapest goods
8 irregardless of how they are produced. If the United
9 States doesn't allow certain goods, certain chemicals
10 or production practices to be used here, then why are
11 we willing to import products that have been produced
12 that way? The same goes for labor practices and
13 environmental practices.

14 Currently the American farmer's main advantage
15 has been technology. Now technology is exported as
16 well as goods. Argentine farmers pay less than half
17 for Roundup and have no technology fee to pay on seed.
18 Do American farmers subsidize our Argentine
19 counterparts? Obviously American farmers pay to

20 develop the technology which is then exported
21 worldwide. Our goods are then the high-cost products
22 that can't compete globally.

23 In the global market, we need to listen to the
24 customer. The Europeans would no doubt be shocked to
25 learn they have been uneducated. They have made it

1 abundantly clear that they don't want genetically
2 modified crops. Therefore our government should never
3 have given the go ahead to GMO's, genetically modified
4 organisms, without requiring a separate distribution
5 channel. Another instance where the American farmer
6 pays so global agribusiness can benefit.

7 We must also have a competitive transportation
8 system. This cannot be accomplished by the
9 consolidation that has been allowed to occur in the
10 railroads or the proposed Cargill-Continental merger.
11 On an Omaha financial radio show, the hosts recognized
12 the monopoly position the UP has and the amount of
13 dollars it will put in its coffers.

14 Also, the river system needs improvements to be
15 competitive not just with the railroad but with
16 Brazil. Brazil can bring big ships 1,000 miles up the
17 Amazon akin to loading big ships at the southeast
18 corner of Nebraska.

19 We must have a competitive market system both

20 domestically and globally. Mark Drabbenstott, an
21 agricultural economist for the Federal Reserve in
22 Kansas City has said it was unnecessary to have a
23 number of companies competing. Rather we just need to
24 prevent meetings in hotel rooms. An impossible task
25 that overlooks the core problem. Agribusiness

1 oligopoly in key commodity markets.

2 Will America drop to the world standard of

3 living? Will the rest of the world rise to our

4 standard? Without an edge like technology, our land

5 price must go down. Land in Brazil that produces

6 similar crop is approximately a third the cost. Land

7 in the United States is worth much more for houses and

8 other non-productive uses. To make us competitive,

9 labor costs must also go down. A minimum wage law in

10 the United States cannot be enforced if we are

11 perfectly willing to import cheaper goods made with no

12 such restrictions. In such a trading system, it is

13 truly a race to the bottom for American farmers and

14 their counterparts around the globe. And a race to

15 the top for global agribusinesses like ADM, Cargill,

16 ConAgra, Monsanto, Novartis and others.

17 If American farmers are competing on a world

18 market yet the U.S. government has been unwilling to

19 try and force other countries to follow the WTO. The

20 tariffs on products in response to the beef hormone
21 issue has become a cost of business to the EU instead
22 of changing their behavior. I want the producers to
23 benefit from the trade that we hope to have.

24 Thank you.

25 MICHAEL LEPORTE: Thank you, Bob. Dan Morgan up

1 next. Bob Nodlinski will be after that. Ron Woollen
2 on deck please.

3 DAN MORGAN: Hello, I'm Dan Morgan. We are a
4 ranching family with operations located near Burwell,
5 Nebraska. And for the past ten years, we have been
6 heavily involved in the meat export business. We've
7 been using our own cattle and our own products and
8 shipping them directly to supermarkets, restaurants
9 and gourmet shops in Japan. And also going to Europe
10 where the product goes into Amsterdam and then into
11 Paris. And starting next week, again selling here in
12 the U.S.. We've also sold into several other Asian
13 countries, but, frankly, the -- Asia has not been a
14 pleasant place to do business lately. All of our
15 products are processed in Omaha. Then we ship from
16 Omaha directly to the west coast to go to Asia and
17 from Omaha shipping directly to either Eastern ports
18 to go into Europe or by air.

19 Establishing the contacts, producing the

20 products, fabricating, and shipping and pricing and
21 selling these products for their true value as
22 compared to commodity product has been an education.
23 This adventure was very successful until the Asian
24 melt down and the recent European-American trade war.
25 In my opinion, the U.S. must move from a quantity

1 supplier to a quality supplier of agricultural
2 products. This requires a shift of thinking from
3 producing large amounts of products to producing and
4 marketing consumer products. All of the focus and
5 discussion of increased trade and opening new markets
6 by the USDA and USTR and many elected officials help
7 big companies get bigger. In reality, the focus and
8 discussion should be about small business growth.

9 Small businesses like ours where actual producers
10 are able to take that product directly to the
11 consumers.

12 The beef hormone issue in Europe is the perfect
13 example of the need for change in thinking,
14 negotiation, and pragmatism. There's a substantial
15 inventory of this type of nonimplanted cattle raised
16 in the U.S. and in particular in Nebraska. Let's also
17 remember that 90 some odd percent of all of the beef
18 that is shipped to the European countries comes from
19 Nebraska. That is done in Omaha. So Nebraska plays

20 an important role in that entire amount of
21 discussion. The type and quality of product demanded
22 by European consumers is produced here in Nebraska.
23 We need to -- we as cattle producers need to have
24 that ability to go directly to those consumers in
25 Europe and sell them what they wish to buy. If the

1 customer wants a red car, sell him a red car. That
2 way we get ourselves outside of the commodity pricing
3 system.

4 But with the present state of negotiations, the
5 cattle industry and the U.S. government find
6 themselves in a political nightmare in no-win
7 situation. We should be talking about increasing
8 quotas and reducing tariffs, but presently we have the
9 possibility of losing the entire business.

10 To turn the situation around, I suggest that the
11 United States admit that we won the World Court
12 decision, but the United States because of consumer
13 desires in Europe will export to Europe only high
14 quality, nonimplanted cattle under the Hilton quota.

15 Secondly, increase the Hilton quota from
16 approximately about 11,500 metric ton to 50,000 metric
17 ton over the next five years.

18 Three, try to reduce the tariffs from 20 percent
19 down to 10 percent over the next three or four years.

20 Remember horse meat has an import tariff of 8 percent.

21 Surely high quality, nonimplanted cattle produced in

22 Nebraska should have a similar tariff as imported

23 horse meat.

24 And another thing to do is establish another

25 category into the quota system for high value

1 specialty products. This product which is some of the
2 meat that we happen to ship enters the country in less
3 than container loads of product. For example, my
4 products go by air to Amsterdam. Duties and tariffs
5 are figured on CNF prices. We pay 20 percent tariff
6 on air freight. My air freight is \$1.50 a pound
7 compared to consolidated ocean freight at .8 cents a
8 pound. If we could reduce that tariff, if they could
9 have a special area there for small amounts of product
10 because we don't have consolidation capabilities to go
11 by containers, that would increase the expansion for
12 consumers on their side and also give me the ability
13 to sell more product.

14 The testing of products that we've got right now
15 on the hormone issue, all of the fees are based upon
16 flat fees or batch fee prices. And I hope that my
17 information is incorrect, but they're saying that we
18 may have to ship samples of this product to Canada for
19 testing on hormones or residues. Okay. If the

20 testing is done on a flat fee, I'm going to end up
21 paying .43 cents a pound for testing as compared to
22 large companies who will shipping by container loads.
23 They would then be able to pay about .8 cents a pound
24 for their testing.
25 I got a red light on, but again, it's the same

1 way in Japan. If we would be able to do some
2 negotiations about less than container loads of
3 product, that would substantially help us as small
4 producers and small sellers. I don't want to use the
5 term "small" in a negative sense but 40,000 pounds of
6 a single product is a lot of meat to ship over at one
7 time.

8 Again, in Japan all CNF or all tariffs are based
9 on CNF prices and fixed fees both at warehouses,
10 custom brokerage firms and all that sort of stuff. If
11 we could come in with -- with something in smaller
12 increments for less than container loads of shipments,
13 you would see producers -- individual producers like
14 ourselves be able to expand our markets very rapidly.

15 MICHAEL LEPORTE: Mr. Murphy.

16 JAMES MURPHY: Fascinating presentation. Very
17 interesting. Explains one mystery to me. I was in
18 Brussels recently. I saw on the menu duplication
19 stated, dup. Nebraska, and I was fascinated as to how

20 that got there. I must have been looking at one of
21 your steaks.

22 DAN MORGAN: Well, if you were in a fancy
23 restaurant, it was. While we're selling, for example,
24 in Amsterdam, it is called cobay (ph.) style beef. We
25 have taken the genetics from Japan, brought them to

1 Nebraska, raising cattle, shipping them back.
2 Shipping it now into Europe, going into the Japanese
3 restaurants and the gourmet meat stores, and it sells
4 incredibly well. You will be able to purchase that
5 product in Kansas City next week. Your fillets bring
6 \$80 a pound.

7 JAMES MURPHY: Question for you here. You've
8 identified what I think is a dilemma we struggle with.
9 On one hand your point about selling the consumer what
10 he wants is an obvious point. You have to do that to
11 be successful.

12 On the other hand, the hormone case, we face the
13 situation where ignoring the whole sound science
14 issue. Clearly sound science is in our favor. Our
15 science, their science, there's no question. And
16 there's where you come to the rub. If we're going
17 to -- obviously we have pursued strategy holding
18 our feet to the fire on the sound science position.
19 So it doesn't deny people like yourself selling into

20 that quota and some have been doing that although

21 we haven't been filling the quota. We have 11,000

22 ton.

23 DAN MORGAN: About 9,000.

24 JAMES MURPHY: So the option is there for people

25 like yourself, for people who want to sell it. I just

1 wanted to make sure you weren't suggesting that we
2 abandon the sound science approach in our SPS
3 decision.

4 DAN MORGAN: I do. You won the World Court
5 decision. Wave the flag. I don't know if I believe
6 the sound science first.

7 Secondly, the consumers in Europe have been,
8 I'm not going to say brainwashed, but they have
9 been told for years and years and years that this
10 meat may be tainted. There is a tremendous fear for
11 me as a cattle producer that if the quote, tainted
12 meat, enters the marketplace, it may not sell. If
13 it does not sell, the price of cattle in Nebraska --
14 live cattle market is going to collapse. We would
15 then find ourselves as cattle producers selling our
16 fed cattle on a world commodity price of which we
17 cannot afford to do. The product will sell fine,
18 but I certainly have a tremendous fear that it may
19 not.

20 JAMES MURPHY: We, of course, try to address that
21 by looking at a labeling option for a solution which
22 we were considering for a while. Then the EU backed
23 off and didn't think that they could go down that
24 path. We were fairly confident if we could simply
25 label, that the beef would move off the shelves pretty

1 well.

2 DAN MORGAN: Well, it might -- would have. I
3 used the word "pragmatic" in our negotiations. If we
4 say that this particular piece of meat is labeled it
5 was hormone implanted, the headline that was in Japan
6 the middle of May was that U.S. beef is tainted. It
7 will cause you cancer. This is when the Europeans
8 started this round of things.

9 I had a container load of meat ready to go to
10 Japan that was -- that order was cancelled because of
11 the scare in Japan at that time; that U.S. meat is
12 tainted. Well, if the issue blows over in two or
13 three months, that order will come back around. But
14 still there was another \$60,000 and so we have to be
15 careful about what we do in one country and how it
16 affects our business relationship in another country.

17 JAMES MURPHY: Thank you.

18 MICHAEL LEPORTE: Thank you, Dan. Bob Nodlinski.
19 Ron Woollen. After him Homer Buell.

20 BOB NODLINSKI: First of all, Nebraska Wheat
21 Growers would like to thank you for this opportunity
22 to comment on the upcoming round of the World Trade
23 negotiations. It is vital for every farmer and
24 rancher in Nebraska -- not only for Nebraska but
25 across the country to continue to try to build a

1 better world trading system.

2 My name is Bob Noblinski. I'm a third generation
3 farmer from Brule, Nebraska. I currently represent
4 the Nebraska Wheat Growers.

5 As you are -- I'm sure you are aware that the
6 American farmer is in trouble. Commodity prices are
7 the lowest and some crops have been affected and they
8 continue to drop. Farmers are dealing with sanctions
9 around the world that do not allow them to sell
10 products. And our world trading programs don't seem
11 to work when other countries place bans on our food
12 products. Even when these countries are overruled by
13 the WTO, they still refuse to allow our products in
14 the ports.

15 It is time the American farmer stops giving.
16 There's nothing left to give. It is a time that the
17 rest of the world comes to our level and plays by the
18 same rules. It is also time that these countries stop
19 hiding behind genetically modified excuses and start

20 importing our products. The United States has the
21 safest food supply in the world. It's time the world
22 realizes this. With the next round of the WTO quickly
23 approaching, there are a few areas we feel we should
24 focus our attention on.

25 They are: export subsidies must be eliminated.

1 Domestic farm subsidies should be subjected to
2 disciplines that limit distortion of trade. Tariffs
3 must be further reduced. State trading enterprises
4 must evolve to full transparency and eventually to
5 free market entities. The rules governing sanitary
6 and phytosanitary measures should be strengthened so
7 that SPS measurements are not used to block U.S.
8 imports. Dispute settlement mechanisms must be
9 shortened to address the perishable nature of
10 agricultural commodities. And assure trade in
11 genetically modified organisms which is based on fair,
12 transparent and scientifically accepted rules and
13 standards.

14 The following represents our positions and
15 priorities for the next round of negotiations. Under
16 domestic supports, the wheat producers members believe
17 that the United States has significantly reformed our
18 domestic support programs since the conclusion of the
19 Uruguay Round Agreement on Agriculture. The passage

20 and implementation of the 1996 farm bill put the U.S.
21 levels of support far below the ceilings established
22 in the URAA. Therefore U.S. negotiators should seek
23 to eliminate the inequities that persist between U.S.
24 levels of domestic support and those of our
25 competitors.

1 In terms of specifics, U.S. wheat producers
2 support continuation of the current green box
3 conditions on direct payments since the green box
4 provides these direct payments to producers that is
5 not linked to production decisions. In addition, the
6 green box should be included to decouple income
7 support measures under market loss payments,
8 insurance -- income insurance and safety net programs
9 or crop insurance and national disaster relief
10 programs. A range of structural adjustment assistance
11 system programs and certain payments made under
12 environmental programs or CPR -- CRP.

13 Furthermore, marketing loans should be continued
14 to be treated as they have been under the URAA to
15 remain exempt from further support reductions.

16 Market access. Average U.S. tariff on
17 agriculture imports is about 8 percent while the rest
18 of the world exceeds 50 percent. The U.S. does
19 maintain a few moderate tariffs for some

20 import-sensitive sectors. Until such time as the
21 significant reductions are made by others, the U.S.
22 agricultural tariff should not further reduced.
23 American farmers deserve and need a minimum level of
24 protection against the trade-distorting practices of
25 competing exporters.

1 In the previous round, there were many non-tariff
2 barriers that were converted to tariffs under
3 tariffication that resulted in very high tariff levels
4 being established. In the new round, reducing these
5 high tariffs will need to be a priority. It is our
6 experience that tariff levels in developing countries
7 are frequently set at very high levels in order to
8 maintain -- to protect their domestic producers.
9 These tariffs can also be quite erratic in terms of
10 how they are applied. The developing countries need
11 to be brought into the WTO process and encouraged to
12 reduce their tariffs in order to receive the benefits
13 of a more open economy.

14 With respect to countries that administer
15 tariff-rate quotas, TRQ's, in a variety of ways from
16 auctioning to the allocation of licenses to producer
17 groups which clearly hinders U.S. exports. The duties
18 outside the quota need to be targeted for reduction.
19 The fill rate of tariff quotas appears to be very low

20 among some countries resulting in part from TRQ
21 administration. To correct the problem, the U.S. may
22 want to consider an incentive-based system to
23 encourage increased imports where fill rates are low.
24 In the last round, the EU refused to establish
25 TRQ on wheat imports which they should have done. We

1 believe the U.S. should be developing an intensive
2 team of agriculture negotiators in both USDA and USTR.
3 Past experience indicates that there is no substitute
4 for excellent people and staff stability when trade
5 talks accelerate.

6 Finally, I would like to thank you again for the
7 opportunity to comment on the 1999 WTO negotiations on
8 agriculture.

9 When these negotiations begin and all the many
10 complex and far-reaching issues come to bare, I would
11 like to ask you to do one thing. Remember the
12 American farmer of which I am one. The upcoming round
13 of negotiations is a complicated matter and will
14 affect millions of people around the globe. I ask you
15 not to forget the American family farmer who has been
16 farming the same land year after year, the one that
17 holds the value of farming and rural life among the
18 highest. These negotiations will affect him, his
19 family, his heritage, and his future. Thank you.

20 MICHAEL LEPORTE: Thank you, Bob. Ron Woollen,
21 you're up next. Homer Buell and Matt Connealy.

22 RON WOOLLEN: Mr. Schroeder, Mr. Murphy, my name
23 is Ron Woollen, and I'm President of the Nebraska Corn
24 Growers Association. I farm 35 miles southwest of
25 Kearney near Wilcox, Nebraska. And I want to thank

1 you for coming out to Nebraska to hear firsthand from
2 our producers how the decisions you make and the trade
3 agreements that you are involved with affect producers
4 on the farm.

5 There's one major issue affecting virtually every
6 corn producer in Nebraska today. I am referring to
7 genetically modified organisms or GMO's. Corn
8 producers have looked into growing GMO corn for a
9 variety of reasons. We have been assured that they
10 are safe, that they allow the use of herbicides that
11 are more friendly to the environment. And in the case
12 of BT corn, have eliminated the need for insecticide
13 entirely. We also were assured that they would be
14 approved for both domestic and foreign markets in a
15 timely manner.

16 In this time of depressed prices, corn growers
17 have welcomed the opportunity to increase yield, spend
18 less money on pesticides and help to preserve the
19 environment. However, what we thought was opportunity

20 has turned out to be something all together
21 different. I'm not sure where the blame should be
22 placed for this issue. Whether the seed companies
23 prematurely released GMO varieties, whether it's the
24 politics of the issue, whether it's the European Union
25 and their consumers or if it's the scientific

1 community. But I do know that our farmers have
2 literally been left holding the bag.

3 As we began to plant corn and soybeans this
4 spring, we had bags of seed that we were not sure we
5 should open and plant. Not only has this jeopardized
6 our export markets, but it is now causing concern with
7 domestic markets as well. Several U.S. corn
8 processors have said they will not accept GMO corn at
9 all while others will not accept any GMO product not
10 approved by the European Union. The EU has approved
11 several GMO traits but to my knowledge have not
12 approved any corn with stacked traits. A farmer may
13 have full confidence that he was planting a fully
14 approved variety, but because that variety contains
15 more than one trait, it more than likely is not
16 approved. You can see the confusion and the
17 frustration that this causes to our producers.

18 We have been constantly telling our corn grower
19 members that farming in the global economy will

20 require sound marketing plan. One that is flexible
21 while remaining disciplined. The GMO issue can
22 disrupt even the best marketing plan, and it can cause
23 already financially strapped farmers to fail. Our
24 infrastructure makes it very difficult to separate GMO
25 corn from non-GMO and virtually impossible to separate

1 it by individual genetic traits.

2 I call on the United States Trade Representative
3 and the administration to do everything in their power
4 to resolve this issue as quickly as possible in a
5 manner that is favorable to our producers. If the
6 science is sound, I would expect nothing less. I see
7 a favorable result on this issue along with the beef
8 hormone issue as being essential to maintaining
9 confidence in the WTO. Anything less could jeopardize
10 the integrity of all of our trade agreements.

11 Thank you for allowing me this time and thanks
12 again for coming to Nebraska.

13 JAMES MURPHY: Very interesting presentation.
14 Just one comment. Your stacked gene point. It is
15 correct it's not approved the stacked gene varieties.
16 Not in our view because they have a particular problem
17 with stacked genes. They've only just had the
18 application for stacked genes somewhat recently. Also
19 not to say they don't take too long to approve all the

20 ones that they do, but they have not rejected any
21 stacked gene applications simply because they're
22 stacked. We're, of course, involved in the long
23 debate about whether to reprocess in the same fashion
24 the stacked genes for which they should be separately
25 approved is not required, but they're taking the

1 position it should be there. We're fighting about
2 that.

3 In terms of your calling on us for results as
4 quickly as possible, let me assure you that we are
5 working fully to do that. And a question in that
6 regard, as you know the Europeans have in place a
7 mandatory labeling law for GMO's, a law which they've
8 never put out regulations for what is the testing
9 methodology that is acceptable, what is the negative
10 list. What is your view on the whole question of
11 labeling which is currently one that is highly debated
12 in different quarters? Some U.S. industries oppose,
13 some say, no, we should have a look at it and try to
14 meet the European demand for labeling. Do you have a
15 position on that question?

16 RON WOOLLEN: Relative to GMO products labeling,
17 it depends on what's on the label. A label that says
18 may contain a modified product is certainly
19 detrimental, in that sense you can't sell them

20 anything. So I guess in my view right now, it
21 certainly could work to our disadvantage. But there
22 again, it just depends if the label means something.
23 If it actually has meaning and has value, then it may
24 not be such a bad idea.
25 Certainly -- and I've heard you discuss this

1 morning, you know, about how do we handle that
2 situation over there. And I know that I rely on my
3 government agencies for the safety of what I consume.
4 And I have confidence in them, and they generally get
5 it right. And if that is the problem with EU, if they
6 have a lack of confidence in what they're being told
7 or if their approval process is just not satisfactory,
8 you know, I'm not sure. Or are the people in charge
9 even trying to convince the consumer that these
10 products are safe. So at some point, the consumer has
11 to have confidence in somebody telling them something
12 that is based on true science.

13 JAMES SCHROEDER: Just a quick comment on EU, so
14 everybody knows the problem. And, Mr. Murphy, we're
15 all having European community union, there are 24
16 directors that have been set up in Brussels.

17 Number two, all the commissioners were fired or
18 resigned this spring. There were claims of fraud and
19 abuse. So all the commissioners were essentially

20 fired or resigned, and many of them are serving now
21 sort of in a transition capacity, carry over, if you
22 will.

23 Number three, we still have all these sovereign
24 states in Europe. If you remember your history, when
25 we started our system, we had the confederation, and

1 that's what they've got over there. They still don't
2 have a federal system. So you still have France and
3 Spain with very sovereign powers and ministers. So
4 what we're dealing with a morass and quagmire process
5 and procedure. If we could ever get a good process, a
6 reliable procedure the Europeans will use and abide
7 by, then we think there's a lot more hope for
8 approvals and solving this mess that we're in on
9 GMO's.

10 MICHAEL LEPORTE: Thanks, Ron. Homer Buell is up
11 next. Matt Connealy will follow him and following
12 Matt will be Jim Jones.

13 HOMER BUELL: Mr. Murphy, just a little comment
14 before I get started, I always thought USTR stood for
15 the United States Team Roping Association. So I have
16 found out that it does have other meanings as well.

17 My name is Homer Buell. I own and operate a
18 family ranch in Rose, Nebraska and currently serve as
19 President of the Nebraska Cattlemen. Thank you for

20 scheduling hearings in Nebraska on such important
21 issues as world trade.

22 As President of the Nebraska Cattlemen, I have
23 had the opportunity to travel around the state and
24 listen to other producer's thoughts and concerns about
25 our industry. "Pessimism" is often the word of day.

1 For me and other ranchers I talk to, if there is a
2 light at the end of the tunnel, it is in the export
3 market. In 1998, exports counted for 8 percent of
4 total U.S. production. Beef exports are even more
5 important for Nebraska, a state that produces over
6 3,000 pounds of beef per capita per year. However,
7 many of the ranchers I talked to are very concerned
8 that we are not getting a fair shake when it comes to
9 international trade laws. They're concerned about our
10 imbalance of trade with Canada, and they're concerned
11 about the lack of access that we have to certain
12 markets like the European Union. What can the World
13 Trade Organization do about these concerns? The
14 Nebraska cattlemen believe the U.S. trade policy
15 objective to be to maintain and increase access to
16 existing markets for U.S. beef, beef byproducts,
17 semen, and embryos and to gain access in emerging
18 markets for these products.

19 Also want to emphasize that for trade agreements

20 to be effective, they have to be fair to all parties
21 involved. It must be a win-win situation. To reach
22 the trade policy objective and to create a win-win
23 situation, first we should negotiate reduction and
24 eventual elimination of production distorting price
25 supports and export subsidy programs.

1 And, secondly, negotiate continued reduction of
2 tariffs and expansion of tariff rate quotas. Existing
3 duty to key export markets such as Japan and Korea
4 must be reduced significantly.

5 Ensure that sound science remains the main focus
6 for resolving disputes where appropriate.

7 Enforcement of strict science-based trade rules
8 is critical to the continued expansion of the U.S.
9 beef exports. A strength in the World Trade
10 Organization seems to be its ability to determine what
11 the settlement should be in trade disputes.

12 Conversely, its big weakness appears to be an
13 absence of an enforcement mechanism in place once a
14 ruling is made.

15 The United States and specifically Nebraska
16 producers have been locked out of European beef
17 markets for too long.

18 Ways to reach clear and prompt resolution to
19 trade dispute must be a priority.

20 At our ranch, we hold several tours each year of
21 different groups. When talking to these people, I've
22 always been optimistic about the future of the beef
23 industry. One of the major reasons for this optimism
24 has been the belief that given a fair opportunity,
25 beef producers in this country can compete

1 internationally, and export markets can be increased.
2 This last fall we had a group of French cattlemen stop
3 by our ranch. When they asked me about what I thought
4 about the future of the industry in the U.S., I had a
5 hard time being as optimistic as I have been in the
6 past. Simply put, producers like myself are tired of
7 facing international competition on what we view as a
8 tilted playing field.

9 Nebraska cattle producers support trade
10 agreements that allow growth in beef markets beyond
11 our borders, but to be effective, we need enforceable
12 global trading rules in place and in practice that
13 grant market access, that settle disputes on the basis
14 of science, and that reduce tariffs.

15 My family has been ranching north central
16 Nebraska for over 100 years. Having trading rules in
17 place like what I've just talked about could go a long
18 way to ensuring that we will be in business for the
19 next century.

20 Thank you for allowing me this opportunity to
21 speak to you this afternoon I guess it is now, and
22 also I'll be sure to answer any questions or
23 clarifications you might have on either my written or
24 spoken testimony.

25 MICHAEL LEPORTE: If it would be all right with

1 you gentlemen, what we're going to attempt to do is
2 get three more testimonies in before the lunch break.
3 So if we could just go bang, bang, we'll try to get
4 those accomplished and then we'll see if we have any
5 time left for questions after that.

6 Next up Senator Matt Connealy, followed by
7 Jim Jones and Dave Shiveley.

8 SENATOR MATT CONNEALY: I'm Matt Connealy, State
9 Senator from the 16th District here in Nebraska.
10 Senator Cap Dirks the Chairman of the Ag Committee of
11 the Unicameral asked me to come and share some of his
12 thoughts. He sends his regrets that he couldn't be
13 here for this important listening session.

14 I'm a farmer and past ag promoter. I was on the
15 Executive Committee on the U.S. Feed Grains Council
16 now the U.S. Grains Council in the past. Also been
17 past Chairman of the Corn Board and Ethanol Board here
18 in Nebraska. So I understand exports.

19 As we all know, we export about 23 percent of the

20 crops that we produce here in the United States, and
21 these are big numbers. These figures have influenced
22 us to believe that exports are important to farm
23 income. They've influenced us to craft farm policies
24 so that we meet our trade export negotiations. I
25 think through the years we've figured out that this is

1 misguided. After years of lowering priced
2 commodities, in an effort to raise farm income, we
3 continue to have lower and lower farm income and lower
4 and lower economic activity out here in rural
5 communities out here in Nebraska.

6 Exporting agriculture products at lower than the
7 cost of protection may help some agriculture
8 processors, but it hurts rural communities; it hurts
9 states like Nebraska.

10 Nebraska is the fourth largest
11 agricultural-producing state. So these issues are of
12 utmost importance to us.

13 Nebraska is a number one state for the production
14 and processing of beef and pork. So imports of hogs
15 and pork products into the United States and Canada
16 are really troubled. Last year when we had record low
17 prices for pork, we still had Canada pouring pork into
18 our depressed Nebraska market. Now were these coming
19 in at a profit for Canadian producers? No. A trade

20 policy that allows under-the-cost-of-production pork
21 to come in should stop.

22 When we look at how we craft our position for the
23 next round, the WTO, the United States should change
24 its perspective. We should look less at small trade
25 distortion patterns but look at how we increase the

1 value of what we produce. This constant effort to
2 lower farm beef prices has been proven to be an
3 economic disaster for farmers, ranchers, and rural
4 communities.

5 Congress and the administration need to know that
6 there's a major price being paid out here for our
7 current farm or trade stance. Family farmers, rural
8 communities, states like Nebraska will continue to pay
9 this price if we don't change our perspective.

10 Agricultural exports are good and important when
11 they add income for farmers and ranchers, but
12 below-the-cost-of-production dumping is not justified
13 by Canada, by the United States, or by any country.

14 When I sell my corn for \$2 or less, I know that I am
15 doing financial damage to my economic stance, to my
16 community, to my state, but I'm also doing economic
17 damage to the farmers and ranchers of the importing
18 countries.

19 With that, I'll say thank you.

20 MICHAEL LEPORTE: Thank you, Matt. Jim Jones

21 we'll call on next. Dave Shively is on deck.

22 SENATOR JIM JONES: Thank you for having this

23 meeting here in Kearney, and I think it's a real good

24 listening session that we've got set up. And I want

25 to thank everybody that put it all together so we can

1 have it so its location is close to my home, so that
2 is great too.

3 But anyway, I'm a farmer and rancher. I live
4 south of Broken Bow. I farm there but all my farm
5 products goes through my own cattle, I feed them out.
6 And right now this week I'm selling finished cattle on
7 my own ranch. And it's tough to do because we only
8 got two or three buyers. And, you know, you try to
9 put that together, and they only buy for 15 minutes a
10 week, and it's all over with until next week. And so
11 it's a big issue in my area. And my area is
12 practically all sandhills, and I've got 13 counties
13 that I represent as a State Senator. So cattle is my
14 business and besides being a State Senator, I'm trying
15 to spend sometime down in Lincoln while I'm running a
16 ranch back at home too. So it's quite a problem to do
17 both and hopefully that we can get some corn trade
18 going. I realize it's a tough issue, but I think
19 we're going to have to keep working on it because we

20 really need the foreign trade because if we don't have
21 foreign trade in this country, we as agriculture--and
22 I think Senator Chuck Hagel said that earlier--are
23 really in bad shape.

24 And I think we really need to get that going to
25 make that work because first of all, we've got

1 sanctions on so many countries. If we can remove them
2 sanctions, we've got NAFTA in place, and if we've got
3 sanctions in foreign countries, we're kind of in a bad
4 place. So what we need right now is a level playing
5 field that we can work and hopefully make it work for
6 all of us.

7 We need to move our grain. I raise a lot of
8 grain on my ranch, but I run it all through my own
9 cattle, so I don't sell grain. But we need to have
10 \$2.35 out of that grain to break even. Right now
11 we're only getting about, well, I brought some into my
12 cattle the other day at \$2, so that's pretty tough to
13 make it work.

14 And talk about cattle, I got a cow/calf
15 operation, and it costs about \$350 at the least to run
16 a cow year around whether she brings back a live calf
17 or dead calf; it don't matter because that's what it
18 costs to run her the year around. And so we've got to
19 take that into consideration. So with them comments,

20 I just want to thank you for having us here today and
21 hopefully that we can get something out of this when
22 we get to Seattle. Thank you.

23 MICHAEL LEPORTE: Thank you, Senator Jones, and
24 our last speaker before our lunch break will be Dave
25 Shively.

1 DAVE SHIVELY: Good morning or good afternoon.
2 My name is Dave Shively. I'm a staff member for
3 Congressman Doug Bereuter, and the Congressman was
4 unable to be here today, and he asked me read a
5 statement.

6 I regret that due to previously scheduled
7 commitment, I am unable to be here to testify in
8 person today. However, I wanted to thank the United
9 States Trade Representative Charlene Barshefsky for
10 choosing Kearney for one of the WTO public listening
11 sites and also thank the U.S. Department of
12 Agriculture and the Nebraska Department of Agriculture
13 for inviting me and for making all of today's
14 arrangements.

15 I am confident that today's forum will be a
16 success. While the focus on today's forum is on
17 negotiating objectives and priorities for the next WTO
18 round scheduled to begin this November in Seattle, I
19 would first like to briefly underscore the importance

20 of finalizing pending bilateral negotiations with
21 China over Beijing's ascension into the WTO. Overall
22 offered by the Premier during his visit to Washington
23 in April was a commercially viable agreement. In my
24 judgment, it was a severe error for the Clinton
25 administration to have rejected what was clearly a

1 very good, commercially viable offer from the Chinese.
2 We should have accepted this agreement because it is
3 in both -- it is in both the short-term and long-term
4 interests of the United States. Because of the
5 information I have received, I placed absolutely no
6 blame on and Ambassador Barshefski for that failure.
7 She should receive only compliments for the
8 extraordinary skill and tenaciousness she continues to
9 display in these very prolonged negotiations with the
10 Chinese.

11 WTO ascension for China requires a comprehensive
12 opening of China's markets in all sectors. WTO
13 ascension would lock China into a more open,
14 transparent and nondiscriminatory trade regime
15 hopefully enforced by multilateral dispute settlement
16 procedures.

17 And in fact at a time when we have a special
18 concern about the transfer of sensitive or dual use
19 technology to China, this is such an agreement that

20 would institute important reforms and reduce
21 competitive coercion on American businesses to
22 transfer their industrial technology to China or for
23 China to require manufacturing offices to transfer
24 jobs from America to China. The United States
25 effectively gives up nothing. All the concessions are

1 made by China.

2 No where is America's advantages in China's WTO
3 ascension package more prevalent -- evident than in
4 the agriculture sector. With 1.2 billion people,
5 China is the largest potential market for agricultural
6 and food products in the world. Yet this vast market
7 is effectively closed to most American agriculture
8 exports today. The Agriculture Market Access
9 Agreement pending with China would address trading
10 routes, distribution, high tariffs, quotas,
11 application of unsigned sanitary and phytosanitary
12 standards, the reliance on state trading companies and
13 exports subsidies, the offer made by Premier Xou is a
14 home run for America and especially Nebraska
15 agriculture.

16 Taken as a whole, these commitments move China
17 towards a system based almost entirely on tariffs with
18 extremely low tariff rates of 1 to 3 percent in most
19 bulk commodities. More specifically, it reduces

20 tariffs to levels below those of most American trade
21 partners with the greatest reductions in the areas of
22 top priority to American and especially Nebraska
23 producers of beef, pork, poultry, wheat, corn,
24 soybeans. By its tariff concessions, eliminates
25 one-day restrictions on imports, requires the use of

1 science-based SPS standards, reduces the role of state
2 trading enterprises for key commodities and eliminates
3 export subsidies.

4 It is projected that by the year 2003, China
5 could account for 37 percent of future growth in U.S.
6 agriculture exports. It is an American short-term and
7 long-term national interest to be in the position to
8 make this projection a reality. That will only occur
9 with the expeditious conclusion of the pending market
10 access agreements without any weakening of commitment
11 made by Beijing and China's timely ascension into the
12 WTO, preferably before the beginning of the Seattle
13 Round.

14 The Seattle Round will commence with a further
15 negotiations on agriculture and services as required
16 in Uruguay Round Agreement which was completed in
17 1994. Through the Uruguay Round Agreement,
18 participant countries agreed to open markets by
19 prohibiting non-tariff barriers, converting existing

20 non-tariff barriers to tariffs, and reducing tariffs.

21 Member countries also agreed to reduce expenditures on

22 export subsidies by 21 percent in terms of quantities

23 and by 36 percent in terms of budgetary outlays and

24 prohibit the production of any new export subsidies of

25 agriculture.

1 While these are important first steps, they have
2 resulted in only a small amount of trade
3 liberalization, especially for agricultural products.

4 In addition to further negotiations on
5 agriculture, the Uruguay Round required further
6 negotiations on services, another key export sector
7 for the United States. The new issues of rules for
8 direct investment and competition policy are receiving
9 considerable attention.

10 Clearly this makes for a very full and
11 challenging trade agenda for Seattle. Therefore, I
12 would hope that the demands of some to turn the
13 Seattle trade round into a vehicle for making broader
14 environmenal and labor concerns and that are not
15 directly related to trade will not be accommodated.

16 Finally, by listening sessions like this one
17 today allow for our trade negotiators to learn
18 firsthand which issues are most important to Nebraska
19 farmers, ranchers, and agribusinesses. Our

20 negotiators must also have the authority to negotiate
21 on behalf in a meaningful way.

22 Today they're severely hampered by the
23 President's lack of fast-track negotiating authority.
24 Fast track provides that Congress can consider trade
25 agreements within mandatory deadlines, without

1 amendments. In other words, Congress either accepts
2 or rejects the package negotiated; it cannot amend it.

3 The Congressman appreciates the opportunity to be
4 able to address this, and there was further
5 information in his testimony that was provided.

6 MICHAEL LEPORTE: Thank you, David. We are at
7 that point on the schedule where we are to break for
8 lunch for one hour. Is there anything we need to wrap
9 up in terms of comments from either of you gentlemen
10 before we break for lunch?

11 (At this point, the noon break was
12 taken from 12:30 to 1:30 p.m.)

13
14 MICHAEL LEPORTE: I'm surprised we've got at
15 least half as many than we did this morning that stuck
16 around. That's dedication. What did Kevin Costner
17 say in the movie? Build it, and they will come. And
18 I think if we start, they will come. So we're going
19 to go ahead and start here for our afternoon session.

20 And I might mention one more time, in case anybody
21 snuck in that didn't hear this morning on the open
22 mike sessions, we would like for you to if you plan
23 on participating, having something you would like to
24 add for the record, to go out and get on that open
25 mike list at the front desk. And they will give you

1 the specifics for that. And we'll get you on the
2 agenda. You'll be called by name. If you would do
3 that please.

4 We're going to get started for our afternoon
5 session. We did that bungee throw as our method of
6 keeping things in line this morning. It worked pretty
7 well. This afternoon we have a couple of defensive
8 linemen from the Cornhuskers that will be here. If
9 anybody goes over the six minutes, they will be
10 tackled immediately. That's how we're going handle
11 that.

12 First up this afternoon Dan Gerdes, Peter Mishek
13 and Scott Houck. Dan, if you would come up, we'll get
14 started.

15 DAN GERDES: I want to begin by thanking
16 Governor Johanns, Senators Kerrey and Hagel and
17 Congressman Barrett for this opportunity to they and
18 also for the two Jims to sit here and listen to us.

19 My name is Daniel Gerdes. My wife Mary and

20 daughter Annette and son-in-law Nathan Johnson run a
21 diversified farming operation in southeast Nebraska
22 near Johnson. I am a fifth generation farmer. My
23 daughter will make the sixth generation. And I was
24 born on the farm I was -- that I am now on but at that
25 time I was born in the tenant house and now I live in

1 the big house.

2 So we raise wheat, soybeans, corn, and pork all
3 of which are heavily dependent on the export market.
4 Pork is one of the major components of our income. My
5 views of the world trading situation may be somewhat
6 influenced by my experience as serving ten years as a
7 member of the Nebraska Wheat Board and also as my
8 experience as immediate past Chairman of the U.S.
9 Wheat Association. Having said that, I will tell you
10 that my testimony is my view as a producer rather than
11 that of any organization.

12 U.S. producers know that exports are a must to
13 that trade benefits both the importer and the
14 exporter. And we also know that fast trade benefits
15 all who trade, and I'm a great believer that we have
16 to get this fast-track thing going.

17 U.S. tariffs average on our imports somewhere in
18 the 5 to 8 percent area where the rest of the world is
19 near 50 percent. And I don't think we should ask our

20 ag producers to drop further until the rest of the
21 world comes down at least somewhere near where we're
22 at.

23 And the U.S. has fewer trade-distorting practices
24 than the rest of the world, so it is going to be
25 harder to negotiate a fairer system just because of

1 this. And it seems to me like three years ought to be
2 adequate time to negotiate this.

3 I have had the opportunity to travel the world
4 and in doing so, my eyes were opened to some of the
5 inequities in the world trading practices. And all of
6 these areas must be addressed, but a couple of them
7 that come to mind right NOW are the state trading
8 enterprises. Either we need to eliminate them or at
9 the very least to allow their farmers the option of in
10 and out. They admit to selling different prices, in
11 other words, price discrimination to different
12 customers, selling high where we are sanctioned out
13 and we talked about sanctions earlier this morning,
14 and lower in our -- undercutting prices where we
15 compete head to head.

16 I personally have had millers in the Philippines
17 tell me that, get the best price you can from the U.S.
18 and we'll beat you by 7 to \$10 a ton. This is a
19 common practice particularly from our friends to the

20 north.

21 Exports subsidies. How can a farmer compete with
22 the government treasury? It's impossible. You know,
23 the American farmer is sick and tired of being the
24 residual supplier of the world.

25 Generally our products exceed the quality in any

1 other part of the world, and we have a better variety
2 of products. Both of these above-mentioned STE's and
3 export subsidies were key elements in the farmer's
4 expectancy of the Freedom to Farm Act. Most farmers
5 would prefer to get their income from the market, not
6 the government. But with our backs to the wall, we
7 may have no alternative but to ask for more help from
8 the government.

9 There are several things that are imperative that
10 Congress implement if we are going to approach the WTO
11 talks with any hope of correcting these inequities in
12 the world trade.

13 Like I mentioned earlier, fast track. We must be
14 able to negotiate these problems.

15 Export enhancement programs, perhaps we may need
16 to reimplement just in order that we have a bargaining
17 chip with the rest of the world. We try to
18 unilaterally give up this hope that the rest of the
19 world would follow but it didn't.

20 Sanitary and phytosanitary. Somehow or another
21 once we get the sound science answers, we need some
22 way to institute a way to enforce compliance on the
23 issues that have gone through the settlement and do it
24 quickly, not let it drag on for years. When it drags
25 on for years, you lose the support of the people that

1 it is supposed to help, the ag producers.

2 In conclusion, those of us in agriculture feel
3 that agriculture was sold out in the Uruguay Round
4 somewhat, and there is some reluctance by farmers to
5 enter into more negotiations. However, we realize
6 this is the only way trade problems can be solved.
7 Thank you.

8 MICHAEL LEPORTE: Thank you, Dan. Next up,
9 Peter Mishek, followed by Scott Houck and
10 Alan Tiemann.

11 PETER MISHEK: My name is Peter Mishek. I'm the
12 international trade manager for Ag Processing, Inc.
13 We're headquartered in Omaha, Nebraska. We're a
14 multi-faceted agribusiness engaged in procurement,
15 processing, marketing and transportation of grains and
16 oilseed products for animal and human consumption. We
17 hold the distinction of being the largest cooperative
18 soybean processor in the world, cooperative. And we
19 are directly owned by nearly 300 local and regional

20 cooperatives in the United States and Canada. Our
21 company has 300,000 farmer/owners.

22 In Nebraska, AGP owns and operates a soybean
23 processing facility. We operate an ethanol
24 manufacturing plant, and we are currently constructing
25 a vegetable oil refinery. We also operate numerous

1 grain terminals in Lincoln and also in Hastings,
2 Nebraska.

3 We're also part of the National Oilseed
4 Processors Association, so my remarks will be
5 reflective of that organization's viewpoint.

6 First off, it is our view that further trade
7 liberalization is needed to open new marketing
8 opportunities for the ever-increasing output of U.S.
9 agriculture. We think the U.S. should set an
10 ambitious agenda for negotiations and use its
11 leadership role to aggressively pursue a comprehensive
12 trade liberalization package.

13 First off, with regard to the scope, we think
14 that the scope of the negotiations should be
15 comprehensive. Although agriculture is only one of
16 three negotiating areas on the built-in agenda for
17 1999 WTO negotiations, further reductions in market
18 access barriers and trade-distorting subsidies
19 affecting agricultural trade should be a top priority

20 for the United States. But we recognize that
21 concessions there may bring more pain than benefit for
22 some other agriculture sectors. In order to offset
23 these politically painful political reforms in
24 agriculture, these countries will demand trade
25 liberalization in other areas that bring them

1 benefits. Therefore, we hope the scope of negotiation
2 has to be broad enough to ensure that countries being
3 asked to make difficult concessions in agriculture are
4 assured some offsetting benefit in other areas.

5 In terms of structure, for the same reason we
6 support comprehensive scope, we also support a
7 comprehensive round of negotiation that concludes
8 with the single undertaking. If negotiations in some
9 sectors are allowed to conclude before negotiations in
10 other sectors, we could lose the negotiating leverage
11 in sectors where we are demanding concessions from
12 other countries. Therefore we would like a single
13 undertaking -- a single undertaking will result in a
14 more balanced outcome in our opinion.

15 In terms of the timeframe, we think that the
16 three-year timeframe suggested by some countries is
17 reasonable to us.

18 And with regard to oilseed specific issues and
19 the WTO negotiations, we have advanced the concept of

20 a level playing field for oilseed and oilseed products

21 domestically and internationally.

22 In the -- our objectives cover the broad range of

23 the Uruguay Round agreement on agriculture. Market

24 access, export subsidies and domestic support and as

25 well as areas outside the agreement such as state

1 trading enterprises and differential export taxes.

2 Our specific LPF objectives are first the largest
3 possible reduction in individual oilseed and oilseed
4 product tariffs with the eventual elimination of all
5 tariffs on oilseed and oilseed products.

6 Second, harmonization at the lowest possible
7 level of all tariffs on oilseeds and oilseed products.

8 Third, elimination of export subsidies.

9 Fourth, elimination of export taxes and other
10 trade-distorting measures.

11 Fifth, discipline on export credits and export
12 financing.

13 And, sixth, the elimination of coupled domestic
14 support. That is support tied directly to production
15 that support trade -- distorts trade, excuse me.

16 We believe that the reduction of barriers to
17 trade and oil and oilseed products and all agriculture
18 products is the only way to expand the markets for our
19 highly production agriculture industry. The simple

20 fact that 96 percent of the world's consumers live
21 outside the U.S. and in many countries the demand for
22 food and agricultural products is growing as income
23 and population increases. Thank you very much.

24 MICHAEL LEPORTE: Thank you, Peter. Scott Houck
25 is next up. Followed by Alan Tiemann and then

1 Robert Busch.

2 SCOTT HOUCK: On behalf of the Nebraska Soybean
3 Association and the 1,100 soybean producers who are
4 members of the NSA, I would like you to thank you for
5 providing us the opportunity to present our views on
6 agricultural trade priorities for the next WTO
7 negotiations.

8 My name is Scott Houck. I'm currently serving as
9 President of the Nebraska Soybean Association. I'm a
10 soybean and corn producer from Strang, Nebraska, which
11 is in Fillmore County about 75 miles southwest of
12 Lincoln. While Strang, Nebraska, may seem far removed
13 from international trade, we are well aware of the
14 implication of global trade on individual communities
15 and producers. At a time when American agriculture is
16 experiencing historically low prices, reduced
17 government support, and technological
18 transformation, a negotiation of future international
19 trade policy should be at the top of everyone's

20 priority list.

21 Getting improved access to foreign markets is of

22 critical importance to soybean farmers. Every other

23 row of soybeans produced by U.S. growers is exported

24 in the form of whole soybeans, soybean meal, or

25 soybean oil. Soybeans and soy products are the

1 nation's largest export commodity and exports reached
2 the 9 billion mark in the 1998-99 marketing year.

3 My economic livelihood and that of all Nebraska
4 and U.S. producers is linked to exports, market access
5 around the globe and economic growth, particularly in
6 the world's developing countries that account for more
7 than four-fifths of the world population. History has
8 shown that trade liberalization helps fuel worldwide
9 economic growth.

10 Through the American Soybean Association and
11 American Oilseed Coalition, oilseed growers and
12 processors have been working since the last round of
13 trade negotiation to advance a market opening
14 initiative for trade in oilseed and oilseed products
15 referred to as the level-playing-field initiative.
16 This initiative proposes to eliminate all tariffs,
17 exports subsidies, differential export taxes, and
18 non-tariff barriers to trade in oilseeds and oilseed
19 products. We believe that a level playing field will

20 greatly benefit U.S. soybean growers by giving us
21 access to foreign markets, eliminating unfair export
22 practices and stimulating demand among consumers.
23 We believe this initiative should be vigorously
24 pursued by the United States in the next WTO go
25 around.

1 I want to thank you for the opportunity to
2 provide input as you prepare for the upcoming WTO
3 negotiations. As a soybean producer, a crop which
4 depends greatly on exports, it is extremely important
5 to me the members of the Nebraska Soybean Association
6 and all the soybean growers, that the United States
7 work diligently to expand market opportunities for
8 agriculture products.

9 The next few years might be the most critical
10 period agriculture has faced and access to the global
11 market will have a major impact on the future of my
12 livelihood as well as the American economy.

13 Thank you.

14 MICHAEL LEPORTE: Thank you, Scott. Alan Tiemann
15 is next up, followed by Robert Busch and Marvin Yost.

16 ALAN TIEMANN: Distinguished panel of
17 Congressional representatives, federal agency and
18 State of Nebraska representatives, my name is
19 Alan Tiemann. I farm at Seward, Nebraska, and

20 currently serve as Vice Chairman of the Nebraska Grain
21 Sorghum Board. As a board member, I am Director of
22 the U.S. Grains Council where I serve on the Council
23 Trade Policy Coordinating Committee. In that
24 capacity, I'm working alongside the Council to closely
25 monitor the upcoming WTO negotiations to be held in

1 Seattle.

2 We are pleased that you as administrative
3 officials and elected representatives have chosen to
4 bring the WTO process to the people through a series
5 of listening sessions such as this one. The WTO is
6 created to provide assurance to both producers and
7 consumers that trade will flow smoothly, predictably,
8 and as freely as possible. As stakeholders in the
9 international agricultural trade, we are pleased to
10 offer input on behalf of the Nebraska grain sorghum
11 growers.

12 I would like to briefly outline some of the
13 priority issues that the sorghum industry would like
14 to see addressed.

15 Biotechnology and genetically modified organisms.
16 The WTO is an ideal forum to discuss biotechnology.
17 This is an issue of tremendous importance to U.S.
18 producers. While we believe it is critically
19 important that a set of scientifically sound

20 international standards be established to govern
21 GMO's, we also embrace the philosophy that customers
22 are entitled to get what they want. Currently, grain
23 sorghum is one of the few remaining non-GMO
24 commodities and as such our producers are interested
25 and willing to meet the needs of our international

1 customers in today's market, grain sorghum can be
2 marketed and sold with the complete confidence that
3 it is GMO free without the added cost, paperwork, and
4 risk of an identity-preserved program.

5 New scientific developments in sorghum research
6 offer potential for improved sorghum hybrids through
7 the use of biotechnology and development of an
8 internationally approved set of standards for biotech
9 crops would enable new products to move freely within
10 the world market.

11 Market access provisions of the previous GATT
12 negotiations stipulated establishment of minimum
13 import access opportunities. We would like to see
14 sorghum specifically included in these minimum access
15 agreements as it would provide opportunity in the
16 immediate future for the export of U.S. sorghum and
17 pave the way for future long-term market demand.

18 On tariffs and tariff rate quotes, since its
19 establishment in 1995, the WTO has had a positive

20 impact on U.S. agriculture. Tariffs have replaced
21 trade distorting and unfair non-tariff barriers with
22 the promise of continued reduction and eventual
23 elimination of these tariffs. For example, Morocco's
24 establishment of tariffs has led to major purchases of
25 U.S. grain sorghum. This volume is expected to see

1 100,000 metric tons this year. However, we need
2 further progress in this area.

3 Tariff rate quotas need to accurately reflect
4 consumption needs. Some nations have tariff rate
5 quotas set too low to allow their grain users to
6 import grains economically. At the same time, some
7 nations apply unequal tariffs on similar commodities.
8 These tariff inequities also need to be addressed.

9 On export subsidies, internal price supports and
10 export subsidies are the most trade-distorting
11 government policies. We need the U.S. negotiating
12 team to take a strong stance in pressing for the
13 elimination of export subsidies as well as restriction
14 on internal support measures that result in
15 productions that would not occur absent payments by
16 the government. This production increases world grain
17 stocks and distorts markets with artificial lows.

18 On sanitary, phytosanitary standards, WTO
19 provisions require SPS measures must be based on sound

20 science. These provisions have previously been
21 negotiated and the SPS committee has specifically
22 assigned the authority to review these measures.

23 We expect and support strict enforcement of these
24 rules and encourage the development and adoption of
25 international health standards, the same principles

1 for SPS should be applied to GMO standards.

2 State trading enterprise would -- we would
3 support greater transparency with regard to the
4 practices of state trading enterprises. Increased
5 transparency in their activities would place them more
6 under scrutiny of the global ag community and guard
7 against unfair trade practices.

8 The WTO is a young organization with a huge
9 responsibility since it is the only international
10 entity dealing with global rules of trade. It is
11 intended to provide a trading system that honors our
12 values, functions, under rules that are open fair and
13 accountable.

14 We would ask that the U.S. negotiating team to
15 remain ever mindful of their charge and responsibility
16 to U.S. agriculture as the Seattle talks resume.

17 Thank you very much.

18 MICHAEL LEPORTE: Thank you, Alan. Robert Busch
19 will be next up, followed by Marvin Yost, then John

20 Hansen.

21 ROBERT BUSCH: My name is Robert Busch, and I am
22 from Mitchell, Nebraska, which is at the western end
23 of the state. I have been a sugar beet grower for
24 more than 40 years. Today I'm proud to represent more
25 than 1,200 growers from Wyoming, western Nebraska, and

1 eastern Colorado who grow 160,000 acres of beets.

2 I am also a corn grower who depends on a strong
3 and viable corn sweetener industry that uses more than
4 800 million bushels of corn each year for sweeteners
5 which adds .25 cents a bushel to the price of corn on
6 the cash market. Almost \$1.3 million are generated in
7 the three states by the sugar and corn sweetener
8 industries as well as over 37,000 jobs that rely on a
9 strong sweetener industry.

10 Sugar beets are processed in five factories that
11 provide a variety of sugars that are shipped to
12 grocers and food manufacturers in 21 states. These
13 customers enjoy the benefit of prices 32 percent below
14 the average price found in other developed countries.
15 Our proximity to these important food manufacturers in
16 the mountain states makes it even more important to
17 sustain an industry that guarantees a reliable supply
18 at a reasonable cost. We are able to do this because
19 we are among the most efficient producers in the

20 world. And our growers and bankers have the ability
21 of the domestic policy that doesn't cost the taxpayer
22 a dime.

23 The beet sugar industry has long been the
24 stabilizing economic force in the mountain states as
25 the farmers and local businesses try to survive

1 periods of the devastatingly low commodity prices that
2 we're seeing today.

3 The sugar beet growers in this part of the
4 country know adversity all too well. We faced
5 bankruptcy in 1984, the explosion of our sugar silos
6 at Scottsbluff in the summer of 1997, and the many
7 hail storms that often shredded our crops, livelihood,
8 and dreams in a matter of minutes. Most of us have
9 been able to survive all these events, but these
10 challenges pale in comparison to what trade agreements
11 can do to us.

12 Our growers have deep concerns and frustrations
13 about the trade agreements that exist today. Almost
14 75 percent of the sugar produced in the world is
15 produced in developing countries that are either not
16 members of the WTO such as Russia and China or that
17 have substantially fewer commitments and a longer
18 transition period and often have very low labor and
19 environmental standards.

20 The two major developed countries sugar exporters
21 are the European Union which use massive subsidies,
22 .25 plus cents per pound to dump millions of tons of
23 sugar on world market and Australia which has hidden
24 subsidies and a marketing monopoly. This is why the
25 world market price for sugar is currently only

1 one-third of the cost to produce it worldwide. The
2 Uruguay Round has done nothing to fix these problems.
3 Rather than leveling the playing field, the Uruguay
4 Round simply locked in the distortions and lowered the
5 playing field.

6 U.S. ranks among the lowest cost producers of
7 sweeteners in the world. Yet sugar growers are
8 threatened by unfair practices by foreign industries
9 and governments.

10 In an effort to correct some of the failures of
11 past agreements, we make these recommendations for the
12 next round of trade negotiations.

13 These include foreign countries must comply with
14 agreements already in effect, eliminate direct and
15 indirect export subsidies and state trading
16 monopolies.

17 Negotiate trade agreements, recognize that
18 various ag industries and markets are different with
19 diverse characteristics and sensitivities.

20 Other countries must reduce their support levels
21 to those of U.S. sugar farmers before further
22 concessions are made.

23 Our growers make the following recommendations on
24 the basis of upcoming negotiations in the World Trade
25 Organization. Compliance. Before the U.S. forges any

1 new agreements, we must make sure that all the WTO
2 members are in compliance with the current agreement.
3 The U.S. and any other country that has surpassed
4 their commitments should be given credit for doing so
5 before being required to make further cuts.

6 Catch up. The Reformed Sugar Policy of the 1996
7 farm bill removed the guaranteed price safety net for
8 sugar farmers. The United States must not reduce its
9 support for agricultural programs particularly for
10 import sensitive crops such as sugar any further until
11 all other countries have reduced their support levels
12 to our level.

13 Export subsidies, state trading monopolies.
14 Export subsidies must be eliminated in state trading
15 monopolies like Australia's Queensland Sugar
16 Corporation must be addressed.

17 Labor and environmental standards. Since nearly
18 three-quarters of the sugar produced in the world is
19 in developing countries, most have substantially lower

20 labor and environmental standards. For example,
21 Brazil uses child labor and forced labor in the cane
22 fields. Incentives must be provided to raise and
23 comply with our standards.

24 Negotiation strategy. I'm going to run out of
25 time. Since U.S. sugar beet farmers do not have the

1 risk management tool such as with hedging options, or
2 forward contracting that are available for other
3 crops. It is imperative that tariff rate quotas are
4 maintained to import sugar only on a needs basis.
5 Therefore with regard to market assets, the
6 traditional and flexible request offer type of
7 negotiating strategy must be followed rather than a
8 formal approach.

9 It has been said that in business, you don't get
10 what you deserve, you get what you negotiate. It's
11 efficient and essential in the industry, deserves to
12 be allowed to meet fairly in an international
13 marketplace, that directly depends on the agreement
14 that you negotiate.

15 We look forward to working with you with the
16 months and years ahead.

17 Once again, we thank you for the opportunity to
18 address you today. Thank you very much.

19 MICHAEL LEPORTE: Thank you, Robert. Marvin Yost

20 is up next. John Hansen after him and Phil

21 Hardenberger can get prepared as well.

22 MARVIN YOST: My name is Marvin Yost, and I would

23 like to express the appreciation of the Nebraska wheat

24 grower for the opportunity to present our thoughts to

25 this listening session today.

1 Mark the importance we place on the seriousness
2 with which we approach the coming trade negotiations.
3 We would like to open our discussion by stressing that
4 the overriding concern that must guide all of the
5 negotiations during the coming trade talks is the need
6 to make doubly sure no additional domestic farm
7 support programs are traded away.

8 The most recent Uruguay Round and the predecessor
9 bilateral negotiations ended up sharply reducing
10 available options for offsetting unfair trade
11 practices and has led to the disastrous farm income we
12 have witnessed over the recent years.

13 The Nebraska Wheat Board is not against trade in
14 any sense of the word. We fully recognize the
15 importance that the international trade plays for the
16 agriculture community. In fact the Nebraska Wheat
17 Board is one of the pioneers in wheat promotion,
18 having been the second entity to organize on behalf of
19 the wheat industry.

20 However, we are convinced that the level playing
21 field will never exist in rural agricultures. As an
22 example, specifically Nebraska producers here can't
23 even compete against producers in adjoining states due
24 to the Nebraska excessive property tax.

25 Furthermore, we know that food security is a top

1 priority of any nation, and this basic public policy
2 will drive nations to make every attempt to over
3 produce those commodities they can grow for their own
4 food supply. The net result in this desire to feed
5 their own people which prevails across the world is
6 that the nations will always strive for excess
7 production capacity to produce food regardless of
8 price levels needed to assure viable economic return
9 for those growing the crops.

10 As long as this ability to over produce exists,
11 is that an economic fact of life that producers will
12 not receive an adequate price to meet production costs
13 and still support their families. Thus the focus of
14 our comments will recognize that markets will almost
15 never provide adequate prices to assure producers
16 sufficient returns to stay in business.

17 There have been only two periods since the end of
18 World War II reconstruction that market prices were at
19 levels to fully compensate farmers. One was in 1973

20 and 1974 period. An unexpected USSR buying and
21 another was just a few years ago in 1995 and 1996,
22 when a series of short crops impacted much of the
23 world. Therefore we want to stress the importance of
24 tempering any trade agreement to permit complimentary
25 income to facilitate the needs of productive

1 agriculture.

2 As part of negotiations, we feel that the
3 following conditions are imperative for the benefit of
4 producers.

5 The authority to conduct domestic programs such
6 as are defined by the blue box provisions of the
7 Uruguay Round agreement, and our agriculture
8 absolutely must remained. We know full well that
9 Europe will continue to support their farmers with
10 production set asides for a system of direct
11 payments. It will be critical that we should not tie
12 our hands in terms of future farm policy by
13 restricting any appropriate option including
14 production control measures when use of them may be
15 dictated by economic conditions.

16 Secondly, we must be assured that provisions are
17 included to enable implementing an adequate crop
18 insurance program using fully adequate contribution
19 from the USDA, specifically the crop revenue coverage

20 provisions. Present risk management agency insurance
21 programs should clearly be defined as a green box
22 permitted concept and remain unrestricted in any
23 manner.
24 It seems to be a far-fetched interpretation to
25 assume that a program which is based on an open market

1 price discovery and covers less than 100 percent of
2 producers' production costs can in any way be trade
3 distorting.

4 Third, we need to clarify the role of the loan
5 deficiency payment in terms of how it was judged under
6 trade agreement rules. It is crucial that LDP based
7 on uncapped loan rates is considered to be within
8 green box permitted farm program provisions. Due to
9 the red light, I'll conclude my remarks.

10 MICHAEL LEPORTE: Thank you, Marv.

11 JAMES SCHROEDER: I earlier tried to explain fast
12 track in case anybody didn't understand it, and I
13 hesitated to get into the green box and the blue box
14 and the amber box. I don't think I'll do that. But
15 just to say that on the area of domestic subsidies,
16 what we tried to do was to break those apart and on
17 the basis that we -- all countries have programs to
18 support our farmers and help our domestic agriculture,
19 and the question is, okay, can we agree that some of

20 these types of programs are okay and shouldn't be --
21 we shouldn't worry about those like money into
22 research and then some are questionable? But what
23 we're really trying to do is identify programs that
24 are distortive of trade and tied into price and
25 production. And those are the ones that we were

1 trying to get a handle on and bring those down. The
2 ones that are most trade distorting.

3 So that's what we're talking about when we talk
4 about green boxes and blue boxes and amber boxes. And
5 that whole area is going to be an area of negotiation
6 in the next round I'm sure because, again, our effort
7 here is to recognize that all countries will continue
8 to support their farmers in some way or another but to
9 try to identify and reduce those types of programs
10 which are the most distortive to the world trading and
11 price system.

12 MICHAEL LEPORTE: Next up, John Hansen.
13 Phil Hardenberger will be after John, and then we'll
14 go into our open mike segment and Bill Burrows will
15 follow Phil Hardenberger.

16 PHIL HARDENBERGER: Good afternoon. Welcome to
17 Nebraska. Thank you for coming to Nebraska for these
18 important listening sessions.

19 For the record, my name is John Hansen. I am the

20 President of the Nebraska Farmers Union, the second
21 largest general farm organization in Nebraska, and on
22 the national level we are the second largest general
23 farm organization in American. I also serve as a
24 member of the President's Agricultural Policy Advisory
25 Committee for Trade.

1 And as I look at the U.S. position on trade, and
2 I think about where we have come in the efforts for
3 trade liberalization and where we have come in the
4 farm economy, before we prioritize our positions
5 relative to the upcoming round in Seattle, I think we
6 have to stand back and take an honest assessment of
7 where it is we're at in production agriculture. And
8 it is absolutely imperative that we recognize that the
9 transitions that we have made to date in both trade
10 policy and as it has geared and directed farm policy
11 has caused American farmers to be in the worst
12 financial position that we have found ourselves since
13 the great depression.

14 And that production agriculture is not only
15 facing deep, deep economic prices that unless we
16 change the direction the farm and trade policy, to put
17 more earned income into the pockets of farmers, that
18 we are going to cause widespread economic collapse of
19 the very system of family farmer and rancher,

20 owner-operator agriculture that the United States has
21 used to successfully make us the world's most
22 efficient producer of food and fiber, the most
23 environmentally responsible producer of food and
24 fiber, and the system that has the largest amount of
25 social and political benefits. And so that very

1 system of production agriculture today hangs in
2 jeopardy because of a prolonged period of lack of
3 earned income.

4 And as we think about our trade position, our
5 focus has been geared towards the short list of the
6 grain and meat processors and how it is they view
7 market distortion and how it is that they view the
8 rules of trade. And so what we have now is a very
9 unfair, inequitable system and a very unfair and
10 inequitable U.S. position in my judgment that gears
11 much too much focus toward high volume kinds of
12 agricultural exports. And we ignore the kind of value
13 that puts earned income in the pockets of farmers
14 first.

15 So we're helping facilitate the concentration of
16 the ag sector. We're helping force family farmers out
17 of business. And if you look at the overall picture
18 of what it is that we're doing, from an industry
19 standpoint, if you compare where we're at today and

20 where we're likely to be this year as compared to
21 1996, I look at my June 2nd, 1999 Outlook for U.S.
22 Agricultural Trade, and it tells me that compared to
23 1996, that exports of agricultural products are likely
24 to be down \$9.8 billion while imports are going to be
25 up \$4.9 billion and the balance of trade for

1 agriculture products is going to shrink \$15.7 billion
2 from 1996.

3 What is the primary difference between those
4 figures? The difference is value. The difference is
5 that in '96 we had higher values, and today we have
6 lower values. So as we look at the ever shrinking
7 share of the farmers and ranchers' share of the food
8 dollar in domestic food retail, that same problem
9 persists in exporting.

10 The risk and the benefits of producing for the
11 export market are not fairly or equitably shared in
12 our domestic system. When we win, we don't win at the
13 same rate as do the actual exporters, and when we
14 lose, we're the first to get our nose bloodied, and
15 we're the last one to get fixed up.

16 So as we look at some of the things I think we
17 ought to look in terms of market distortion relative
18 to the U.S. position in the world economy, I see a
19 need to look for the same things we do in domestic

20 policy and let's look at the impact, the negative
21 impact of market concentration. Let's look at the
22 negative impact and price distortion of capital supply
23 which makes any system of marketing worse but
24 certainly the more noncompetitive the system, the more
25 damage that capital supply does. Let's look at the

1 impact of import and export dumping. Let's look at
2 the impact of being able to disassemble supply
3 management which brings production into alignment with
4 utilization. If we look at the surplus we create now
5 and the non-competitive system that we have, the
6 negative impacts of the farm has been tremendous. And
7 if we're going to get serious of looking at the
8 business of agricultural trade, let's put that on the
9 table which has more to do with the total agriculture
10 production than any other single issue and is not now
11 on the table and that is, how we develop effective and
12 fair coping mechanism to equalize the differential in
13 the relative value of currency.

14 Thank you very much.

15 MICHAEL LEPORTE: Thank you, John. Next up
16 Phil Hardenberger. He'll be followed by Bill Burrows
17 and William Kaliff.

18 PHIL HARDENBERGER: My name is Phil Hardenberger.
19 I'm a pork producer, veterinarian, and past President

20 of the Nebraska Pork Producers Association. I would
21 like to take this opportunity to thank you for
22 allowing me to present a few thoughts about Nebraska
23 agriculture and the great importance to producers, the
24 impact of the WTO conference in Seattle will have on
25 all of agriculture.

1 The Nebraska Pork Producers Association has
2 always been a supporter of world trade and free and
3 fair trading system. Nebraska's continued production
4 of high quality pork is dependent upon the projected
5 growth of the export market. The independent producer
6 will continue to be a vital force in Nebraska's
7 economy and if and only if we can find a way to share
8 in those profits. Then we will reap the benefits in
9 years to come.

10 It is estimated that the U.S. pork producers are
11 poised to overtake the EU as the world's largest
12 leader in pork exports. Ten years ago the U.S. was
13 the world's second largest importer of pork. Today it
14 is the world's largest exporter of pork. Within the
15 next decade, the U.S. is expected to become the
16 world's largest pork exporting country. Forecasters
17 expect a 36 to 45 percent growth in world pork trade
18 in the next decade. And this will only happen if we
19 have fair and equitable trade policies.

20 We need to lower trade barriers through trade
21 agreements. While our export performance is
22 impressive, it nevertheless remains severely limited
23 by factors such as the lack of access to many of the
24 world's pork markets and unfair subsidies provided to
25 many other competitors.

1 True liberalization of ag trade will require
2 another negotiation, another cycle of significant
3 cuts. The Nebraska pork industry strongly supports
4 further trade liberalization measurements because such
5 measures will permit the industry to exploit this
6 competitive -- comparative advantage in international
7 markets.

8 The renewal of trade authority should be a high
9 legislative priority for both Congress and the
10 administration. We urge Congress and the
11 administration to work together in a bipartisan manner
12 to get traditional trade negotiating authority renewed
13 before the upcoming WTO meeting in Seattle. Without
14 renewal of traditional trade negotiation authority, it
15 will be difficult to make serious progress in the WTO
16 trade negotiations. For our negotiators to have
17 credibility at the bargaining table, this
18 administration must have the fast-track authority as
19 many other people have mentioned.

20 Other countries will not make concessions for
21 fear that Congress will cause the administration to
22 make changes in any agreements they bring back.
23 Tariff reductions must be accelerated.
24 Notwithstanding the progress made in the Uruguay
25 Round, tariffs on ag products remain very high. The

1 accelerated reduction of tariffs is the pork
2 industry's number one priority in the upcoming trade
3 round. U.S. ag tariffs which average only about five
4 percent as you've shown earlier are dwarfed by the
5 agricultural tariffs of other nations which average as
6 much as 50 percent. For some products tariffs of over
7 200 percent remain in effect. Ag tariffs must be
8 lowered from these high levels on an accelerated
9 basis. A substantial reduction in the highest tariffs
10 would help to end practices such as price bands in
11 which high bound tariffs create a cushion that allows
12 lower applied tariffs to be adjusted frequently in
13 order to keep domestic prices within a specified
14 range.

15 Further, a date needs to be set with which all of
16 these tariffs would be reduced to zero. Export
17 subsidies should be eliminated. Export subsidies
18 remain a major problem for U.S. agriculture. The
19 elimination of export subsidies is a top priority for

20 the U.S. pork industry in the upcoming negotiations.

21 Export subsidies transfer market share away from

22 U.S. pork producers, the world's lowest cost producers

23 of pork and give it to the EU and other less efficient

24 pork producers. U.S. pork exports to Japan have

25 increased under the pork import regime negotiated with

1 Japan and Uruguay Round. However, U.S. pork exports
2 would explode if Japan's market is liberalized further
3 in the upcoming trade round.

4 Greater market access in Japan is again a number
5 one priority of the U.S. pork industry in the next
6 round, keeping in mind that the next step in our
7 priorities would be bringing China into the WTO.

8 Thank you.

9 MICHAEL LEPORTE: Thank you, Phil. Next up is
10 Bill Burrows, then William Kaliff and Diane Danehey.

11 BILL BURROWS: I'm Bill Burrows from Adams,
12 Nebraska, and I'm a farmer. I might be under a
13 question on that today and my children also because
14 the majority of our income in our family no longer
15 comes from the farm. We've rather followed the
16 national trend in which 80 to 85 percent of U.S. farm
17 income today in the last six or seven years has been
18 from non-farm sources. We are still and three of my
19 children are involved in farm operations that are

20 adequate to make a good income in volume and size and
21 resources put in, but it is not there. It's not there
22 nationally because 80 to 85 percent of the farm income
23 according to USDA statistics has been coming from
24 non-farm sources.

25 Now I heard an economist from Washington here

1 just a couple years ago say that we were in good shape
2 in agriculture because this farm income was getting up
3 there commensurate with the city folk. But the basis
4 of it was the 80 percent that took it over the hump,
5 and that's a sick situation for a country that is
6 looking forward to going ahead and planning a national
7 food supply that's solvent and sound for our own
8 nation. We don't have a plan that is working.

9 I want to hit one thing that I was involved in
10 eight years in the Legislature on our Agriculture
11 Committee. And one point that impressed me quite
12 well, we toured the largest load-out facility at that
13 time in New Orleans that was ship loading. And the
14 office manager told us without making any bones about
15 it, he said we trade train loads coming down to this
16 port of grain when we need to get that ship out on
17 time. Most of their grain was being loaded from
18 barges because it was difficult on the train side, but
19 he admitted the major grain companies, this handful of

20 major grain companies that control all or nearly all
21 of the exports of this country were trading this way,
22 and this is considered this competitive competition.
23 When you've got them trading under gentleman's
24 agreements train loads of grain to make their
25 shipments. Now that's not a very competitive

1 situation if I read it.

2 The other thing they were explaining was how they
3 brought everything up and one of the grain inspectors
4 one night he was explaining to me how it was a rough
5 job checking out those shipments because they were
6 bringing up at that time all of those loads to the max
7 allowable in the grade and some of these countries
8 were telling us that they couldn't get a grade
9 guaranteed better than number three. Now number three
10 grain when it is at the max of inert and other
11 materials is pretty poor grain.

12 I think that any discussion today of exporting
13 and solving farm problems, we need corrections made.
14 Most of those have been discussed here today, but a
15 discussion without discussing monopolistic power,
16 monoxinistic power and the situation that exists where
17 a handful of major grain companies control the exports
18 of this country, and the presumption is ridiculous
19 when you see a situation where hogs were brought to

20 .10 cents a pound just this last winter for the farmer
21 and under .10 cents a pound, and the packers and the
22 chains carried those hogs through on a retail price
23 that would have brought enough to the farmer to have
24 kept him in business.

25 Had my son and I in our operation instead of

1 going to some other supplements here three or four
2 years ago gone into a large hog operation, we would be
3 or could be out of business or very nearly there. My
4 family is in a strong position, so basically I'm
5 speaking for the possibility that my grandsons could
6 farm. And to fail and recognize and discuss farm
7 markets without us discussing monopolistic power is
8 naive. It's below the things I learned when I was in
9 the fifth grade in grade school.

10 The economist that can ride this out and discuss
11 this and the assumptions that the price is going on
12 through and down to that farmer are erroneous
13 assumptions and have to be looked at in the discussion
14 of this.

15 Previously we've had support price generally that
16 guaranteed a little more than cost of production, but
17 in the last couple of years we have a farm bill that's
18 pulled the rug out of agriculture out from under, and
19 if we don't get some basic help there as well as

20 looking at these export markets, a big share of our
21 farmers in Nebraska are not going to be there.
22 I do know the loan situations in this state, and
23 it's sick. We have hundreds and hundreds of farmers
24 in this state that are riding right now. We don't
25 have many sales, but they're riding on loans that

1 won't cash flow short of 2.30 corn and our corn
2 doesn't match that. We've got to have it immediately,
3 and it takes a great deal more than just a relook at
4 export policy. I want it looked at and corrections
5 made where they are needed.

6 But thank you.

7 MICHAEL LEPORTE: Thank you, Bill.

8 William Kaliff is next and Diane Danehey and
9 Joe Roberts.

10 BILL KALIFF: I'm Bill Kaliff, and I'm from
11 Grand Island, Nebraska. The thing that I would like
12 to ask or bring to your attention right now is that I
13 want to know who is in charge of inventory control for
14 this magnificent farming operation that we have going
15 for us. To show what lack of inventory control has
16 done to us, I took and pulled some numbers off of the
17 net last evening. And the end of 1997, the corn
18 supply in the United States was 24 and a 4th percent
19 of the world supply at that time at the end of the

20 year. And that created a price of \$2.70 per bushel.

21 At the end of '98, the United States had 38.5 percent

22 of the world's supply of corn. The corn that had not

23 been used in that year. And that in turn gave us a

24 \$2.45 per bushel price. In 1999, the figures that I

25 pulled off of the net indicate that the United States

1 is going to have a 45.6 percent of the world's corn
2 surplus. The corn that hasn't been consumed at the
3 end of that time. And that is projected to give us a
4 price of approximately a \$1.85 a bushel.

5 In addition to the price of corn having gone
6 down, the price of hogs last year basically
7 evaporated. It just went down to nothing. We've
8 had -- our beef people have been in trouble for the
9 last several years, and what I want to know is who
10 is it that's in charge of the inventory control
11 for this great nation that we have? Admittedly we
12 can produce the stuff. But we produce it to excess
13 and this excess diminishes the value that we get per
14 unit.

15 Let me carry on here and just give you another
16 shot. The farm income stabilization that is projected
17 to be for 1999 is \$18 billion, 405 million dollars.
18 This is the money that's going to come out of the
19 treasury, the federal treasury to basically go to

20 these half a million farmers that are still engaged in
21 the business to keep them in operation, to keep them
22 from falling apart. They can't make it on the prices
23 that we're getting paid for the market, and
24 surprisingly enough that \$18 billion boils down to a
25 stipend for each person in the United States, man,

1 woman, and child of \$69.07 per capita. I would much
2 prefer that we got that out of the market. I don't
3 want it coming out -- being paid into the treasury and
4 then sucked back out by farmers that need it to
5 continue in existence.

6 The -- it's interesting to see what's happened,
7 where do these profits go? Obviously Cargill got some
8 of them. The Iowa Beef Packers got some of them. The
9 Iowa Beef Packers fourth quarter dividend at the end
10 of last year in 1998 was .92 cents per share. That
11 was four times what the dividend had been for the
12 previous year. So as we create additional items to be
13 expended or to be sold by our processors, it's their
14 income that goes up and ours that goes down.

15 I would like to address this to both of the Jims
16 over there. Are you aware of the mission statement or
17 the vision statement that USDA has? Either one of
18 you, do you know what it is?

19 JAMES SCHROEDER: USDA?

20 BILL KALIFF: Yes. USDA has both a mission
21 statement and a vision statement.

22 JAMES SCHROEDER: I'm sure that's right. I don't
23 have it in front of me. We've been working on this
24 vision statement and mission statements.

25 BILL KALIFF: Well, somebody has diluted you

1 because it's on the net. And the mission statement as
2 I copied it last evening is "to enhance the quality of
3 life for the American people by supporting production
4 of agriculture." I can give you a copy of this when
5 I'm through.

6 The vision that USDA has is of a healthy and
7 productive nation in harmony with the land and
8 whatever semblance of harmony there was at one time is
9 totally gone. The farmers are probably in the worst
10 shape that they have -- excuse me, I guess I used up
11 my time.

12 MICHAEL LEPORTE: Thank you, Bill. Any further
13 questions? Next up Diane Danehey and Joe Roberts
14 followed by Jim Weber.

15 DIANE DANEHEY: My name is Diane Danehey. My
16 husband and I have three children and farm south of
17 Hastings. We raise corn, soybeans, wheat and have a
18 cow/calf operation. And I would like to speak to you
19 a little bit today about sanctions and embargoes, but

20 I'm going to a little bit of a different approach to
21 it than what's been heard.

22 So far today we've talked mostly about how those
23 things affect us, but last year I had the opportunity
24 to travel to Cuba, and I would like to just mention
25 some of my observations from that trip.

1 First of all, we met with Senor Pedro Alvarez who
2 is the head of the agency in Cuba that imports all
3 their food, that feed grain and food stuffs. And he
4 explained to us that in the past few years especially
5 since the collapse of the Soviet Union that there's
6 been a 37 percent drop in the economy in Cuba which
7 many of you are aware of the conditions there. And in
8 1992, what was called le pertuda in Spanish, the
9 opening became part of their constitution and this
10 allowed for some changes in the basic structure of
11 agriculture in Cuba. And so now whereas before the
12 collapse of the Soviet Union, about 80 percent of the
13 farm operations were state owned and operated, now
14 it's 80 percent privately owned and operated. Some of
15 those private groups are cooperative, so they're
16 groups of producers who have gotten today with their
17 land and formed cooperatives, and we were able to
18 visit one of those cooperatives.

19 Another change that has happened in Cuba is that

20 now instead of all the produce being sold through the
21 government, they have opened what are called mercados
22 agropecuarios which are free, open agriculture
23 markets. So the cooperative that we visited after
24 they have sold the amount of goods that they have
25 contracted with the State, then any excess production

1 can be sold in the free market.

2 And these I thought were interesting innovations
3 in Cuba. We -- another observation that we made was
4 the -- to the extent that other countries are
5 becoming involved in the Cuban economy. And we
6 witnessed at Havana Harbor we saw two French ships
7 unload wheat. We visited with the director about
8 joint ventures that are taking place in Cuba by the
9 Israelis, European Union countries and so on.

10 Cuba imports much of their corn from Argentina.
11 They get a lot of wheat from Canada. So all of this
12 was impressed upon us. And, of course, they said they
13 were eager to trade with the United States, but in the
14 meantime, they will do the best they can. And, of
15 course, the rest of the world is involved in their
16 economy now as they pursue this opening.

17 One of the major points that I -- that impressed
18 me personally was when we found out about the ration
19 system because the Cuban people since there is a

20 shortage of beef and dairy products and other food
21 stuffs, they have a rationing system. Cubans received
22 coupons, and they can get for their coupons -- if
23 these things are available, they can get them at a
24 ration store. But they get one pound of beef per
25 year. They get two pounds of chicken per year. It's

1 hard to imagine people surviving. They do get rice --
2 five pounds of rice a month and a bun of bread a day.
3 Dairy products are extremely short supply, so the only
4 people who are rationed the liquid dairy products are
5 children under seven and pregnant women.

6 So looking at this from, like I said, the other
7 angle, how sanctions and embargoes affect the people
8 on the other end, as you said this the Cuban market is
9 not huge, it might just be a tweak in our export
10 picture, but to the people that live in Cuba, it might
11 mean a better nutrition.

12 Thank you.

13 JAMES SCHROEDER: Thank you very much. I do want
14 to comment on the sanctions because it's been
15 mentioned several times. I think that led by the
16 agriculture community, we are on the threshold of
17 major changes in the U.S. sanctions policy. As you
18 know, the President earlier this year made a strong
19 statement that food and medicine should not be used as

20 a foreign policy tool. And the administration itself
21 is working now on regulations which will establish the
22 presumption that food and medicine are not to be
23 included in U.S. sanctions policies.

24 In the Congress, we have steps that were started
25 last year by Senator Luger, Congressman Hamilton.

1 There's at least a dozen bills that in some way or in
2 some section try to eliminate food and medicine from
3 sanctions policies.

4 Now frankly, today there are only about six
5 countries that are subject to sanctions on food and
6 medicine. And a couple of those are unilateral -- I
7 mean, excuse me, multilateral.

8 The Iraq sanction regime, for example, is going
9 on under the United Nations, and this does have this
10 oil for food exception. North Korea although it's
11 under our Trading With the Enemy Act, we are sending
12 North Korea food through the World Food Program.
13 Frankly, in some very substantial amounts because
14 people are literally starving. So this change,
15 there's really only a few countries that we're talking
16 about now Sudan, Libya, and Iran I think are the three
17 major countries. But there is a consensus now in
18 Washington, in Congress, the administration, that food
19 and medicine should not be included in these sanctions

20 policies. Why? Very basic humanitarian reasons that
21 I think Diane has talked about with respect to Cuba
22 and the other is the economic reasons. We do this
23 stuff and who is there to sell the wheat and the corn?
24 The Australians, the Canadians, the French. So I do
25 think we've got this change going now, and that's the

1 good news.

2 Now in Cuba, I must tell you there we're looking
3 at legislation, the Helms-Burton law. Senator Helms,
4 this is no longer up to the President, but the
5 Congress has legislated the current regime of
6 sanctions policies addressed at and to Cuba. The
7 President has tried to tweak that a little bit. We've
8 tried to liberalize that as much as we can. We can
9 send some food and medicine down there in limited
10 quantities which has been done to non-state controlled
11 entities. But Cuba is a very special case for all the
12 political and historic reasons which I don't have go
13 back through. I'm sure you're all aware of it.

14 My question -- my personal question whether
15 you're left, right, green, or red, who would follow a
16 policy for 45 years that doesn't work? If
17 Jack Kennedy came back from the grave tomorrow and
18 we'd say, President Kennedy, you won't believe what
19 has happened, the Wall's down, the Soviet Union has

20 disappeared, the whole world is off trying to figure
21 out how to deal with the market capitalists, and he
22 would say fantastic. Oh, by the way, there's one
23 policy that we're still following that you started in
24 1962. And guess what, Fidel is still down there. I
25 don't understand it. I'm not sure anybody does. I

1 look forward to the day when we can open up down
2 there.

3 It seems to me the lesson of modern history
4 with the Soviet Union, China, everybody else is, when
5 you open up, the guys behind the walls, they last
6 about six months. And the sooner we get more baseball
7 games down there and more trade going, we're going to
8 have a much better situation. That's my personal
9 view.

10 MICHAEL LEPORTE: Thank you, Jim. Joe Roberts.
11 Jim Weber is next and Rex Woollen.

12 JOE ROBERTS: I'm Joe Roberts with Robert's Seed.
13 On behalf of our company and the organic industry, I
14 would like to thank every one for the chance to visit
15 with you today. I live in Axtell which is 17 miles
16 southwest of here. We own a grain processing facility
17 in which most of the grain is organic. We are
18 certified to process organic grains through the
19 Organic Crop Improvement Association and FVO which is

20 Farm Verified Organics. We were recently inspected to
21 process grain that is GMO free.

22 I'm past president of the Organic Crop
23 Improvement Association, Nebraska Chapter One.

24 The organic industry is one of the
25 fastest-growing sectors in the ag industry, and I

1 question if it gets the attention that it deserves.
2 Why is the organic market growing? Simply because
3 the consumers want organic products and more farmers
4 want to farm organically if the price will support
5 their efforts. People sometimes look funny at the
6 organic industry, but I don't really see the problem
7 with trying to buy and eat food that is grown without
8 chemicals. We have a hard time in this area of the
9 nation because so many of the farmers do use chemicals
10 because it's easy to farm that way.

11 Farms have been getting bigger with the size and
12 advancements in ag machinery. With the large
13 machinery and the use of chemicals, the farmer can
14 cover more acres. But is this the only answer for
15 tomorrow's ag? Just because the farmer has more acres
16 and a better yield, does he earn a better income or
17 live better? If he can't sell his crop or receives a
18 low price, his efforts have failed. Coffee talk shop
19 -- coffee shop talk is much about yield, but

20 value-added products and profit per acre need to be
21 discussed. Value added and organic products are a way
22 to keep smaller farms and communities alive while
23 keeping natural resources such as our water clean.
24 Foreign countries ask for organic grains and meat
25 which is GMO free. The same countries have been told

1 that U.S. farmers are not capable of segregating
2 products. I would testify that the seed industry and
3 the organic industry can and does segregate.

4 Instead of those countries buying a genetically
5 modified product from the U.S. that we've tried to
6 sell them, they've made their purchases elsewhere.

7 Another problem I would like to briefly discuss
8 would be transportation. Single car rates are
9 important for us for our domestic markets but also for
10 our exports markets.

11 I've heard there's going to be a price increase,
12 and that would devastate the value-added markets.

13 Do I think that farmers all of them tomorrow
14 should switch to organic farming? No, I don't think
15 that's the answer either, but I would hope that we --
16 that we could listen to the foreign countries and
17 allow the organic industry to grow at the same pace
18 that the consumers want it. And I would hope to help
19 the farmers help themselves market their products.

20 Thank you.

21 MICHAEL LEPORTE: Thank you, Joe.

22 JAMES MURPHY: One question. Are there any trade

23 policy barriers or restrictions that you think are

24 impairing the ability of organic farmers to trade

25 their products? Is there anything we should be

1 attempting to do in the upcoming negotiations in that
2 regard?

3 JOE ROBERTS: I'm not sure on that. I don't
4 know that we're getting the support that we need. I
5 don't know if that's -- that's kind of a broad answer.
6 But it's not something we're pushing at this time and
7 may be not pushing the value-added products enough.

8 The European Union is coming down with strict
9 regulations as everybody knows as far as GMO-free
10 products, and that does involve the organic industry
11 too.

12 In Japan, the Association of Japanese Housewives,
13 they have a lot of power, and they're driving the
14 regulations for the amount of genetics in soybeans,
15 for instance. So I think it's going to take a year or
16 two for some of these things to shake out and see
17 what's acceptable and what is not.

18 MICHAEL LEPORTE: Thank you, Joe. Jim Weber is
19 next. Rex Woollen will follow and Annette Dubas.

20 JIM WEBER: Thank you for the chance to be here.
21 The last time I was in Kearney I took a silver medal
22 home with the high jump. I guess I won't do that
23 today. Let's try for the gold. Okay.
24 Everybody is saying we have too much farm
25 production. Worldwide. World prices are low on farm

1 products. Why not tax the oil people when that fuel
2 is brought into this country.

3 Well, let's take it back even a littler further.
4 My granddad rode a saddle horse from North Platte to
5 Rapid City where he worked in the Homestake Goldmine
6 to support his homestead.

7 My dad said the biggest improvement of all, when
8 the wife asked him what she had seen, that was right
9 after they put a man on the moon, getting rid of those
10 horses. Lot faster to farm, didn't have to stop and
11 rest every little bit and sure didn't eat nearly as
12 much of what was raised.

13 So let's put a tax on that imported oil based
14 upon gross national farm product and the exports of
15 the country. Right now America is up to 4 percent of
16 its gross national product and imbalance of trade.
17 Can't last too long like that, can we? Okay.

18 The other issue I've done a year of researching
19 on it, when the Congressional aides asked or I asked

20 what we could do to improve right quick cattle prices,
21 he looked around and nobody was watching him and he
22 says call in EPA, stop all the growth hormones and all
23 the chemicals brought in. Cattle be a little less
24 efficient, take a lot -- not a lot more feed but a
25 little bit more, and we were probably some of the very

1 first to try the chemicals. Found out later on we

2 could produce just as good with better genetics.

3 Don't need the chemicals.

4 Our grass management is enough better, we don't

5 need those growth hormones.

6 Our food crops are enough better, fertilizer.

7 Even, as he said, we have organic farming. We're

8 producing better crops. We don't need those growth

9 hormones in America now.

10 And let's give Dan Morgan a big round of applause

11 for his help in proving that you can sell what the

12 customer wants.

13 Okay. A third area, do I need to put glasses on?

14 Why are we pushing World Trade Organization to accept

15 our genetically modified crops? We can produce all

16 the food the world needs now without those genetic

17 modifications. However, you give us the right

18 environment, we can also produce all the lubricant,

19 all the power, all the fuel you need, all the medicine

20 you need off the farm products.

21 Once the soybeans people start producing world
22 oil, I don't think they're going to object to diesel
23 fuel produced from soybeans even if they are
24 modified. We use genetically modified corn last year.
25 About all I can say for it is "wow". It produces.

1 Even on sand and gravel it was fantastic, and not a
2 weed available.

3 Also like to go back to Joe again. We got to get
4 back away from spending too much money and go back a
5 little bit more to organic farming. We've made the
6 circle, we've tried them all.

7 Back when I started farming, and we were only a
8 second owner on that piece of land which is north of
9 the forest at Halsey, Valentine sands on one side of
10 the river, and we kind of organically farmed that. I
11 had rye flowing on it every single year. That was
12 back in '73 and '83 when that horse rolled over me.

13 And that organic or cover crop or whatever you
14 want to call it, or as dad says, corn always grows
15 better following rye. Also held up the moisture, made
16 things a lot better. So don't be afraid to try new
17 things, and let's see if we can't stop some of this --
18 or capitalize on the people who do have the money, who
19 will hurt us the least. Oil producers, right? Most

20 money. Least amount of people to be hurt.

21 Thank you.

22 MICHAEL LEPORTE: Thank you, Jim. Rex Woollen

23 we'll call on next.

24 JAMES SCHROEDER: Let me make one comment.

25 Mr. Murphy has made some comments on GAO's, hormones.

1 The first question whether these things are safe,
2 whether they're safe to eat, whether they're safe for
3 our animals, whether they're safe for our environment,
4 that's a basic question that I am interested in and
5 you're interested in and everybody in the world is
6 interested in. And there we're looking to our
7 scientists, the Food and Drug Administration, the EPA
8 and others--I'm not a scientist, I have no idea--to
9 tell us is this safe? Is it safe for our environment?
10 Is it safe for our animals? Is it safe for me to
11 eat? That's a question we're all concerned about. We
12 all want the answer to it.

13 Now, if it is safe, if our scientists -- our best
14 scientists, sound science, good science whatever you
15 want to say yes, yes, it's safe, then the question is,
16 am I going to use this stuff as a producer for
17 example? I don't know. That's a question of
18 economics and preference and a whole lot of other
19 decisions go into that.

20 Likewise as a consumer, and I've told this to my
21 European friends, I'm not asking that you must buy a
22 Colorado lamb chop or Nebraska steak or whatever. If
23 you don't want to buy an American steak, fine, nobody
24 is going to force you to buy an American piece of
25 meat.

1 But then the third issue is and this is what
2 offends me and offends others, and this is the
3 principle that we -- that we thought we established in
4 1994. We all got together and said, okay, on a trade
5 barrier, if you're going to say, no, you can't export
6 that, you can't sell that in my country, you must do
7 that on the basis that it is not safe. You can't say
8 that, no, we're not going to sell or accept American
9 meat even though it's safe, but we just don't like the
10 idea that it might have hormones or GMO's. The answer
11 to that is, look, if you don't want to buy it and if
12 your people don't buy it, fine. But at least you
13 cannot shut or don't shut your market to that because
14 guess what, when I'm down in Florida, I got to tell
15 you the steakhouse is full of Germans and Frenchmen,
16 and they're all getting those big steaks. We think
17 the Europeans or some Europeans would love to buy
18 American meat if they have the opportunity. They
19 ought to have that choice. So that's the way I see

20 the GMO hormone issue.

21 On the other hand, for Mr. Morgan and Mr. Coleman
22 out in Colorado who want to produce organic,
23 non-hormone beef, more power to them because then the
24 people that want that can get it and pay for it and
25 enjoy it.

1 MICHAEL LEPORTE: Rex.

2 REX WOOLLEN: Thank you. Rex Woollen, farmer
3 from Wilcox representing ag producers. I remember as
4 a young boy growing up and one year in particular
5 1955, wheat was right at \$2.50 per bushel and parts
6 from my father's combine, I know that were not more
7 than 10 percent than what they are today. I haven't
8 paid much attention to the wheat market the last few
9 days. I know it hasn't been much more \$2.50 bushel.
10 The expenses are at least 90 percent higher than what
11 they were back in 1995. And we as farmers can't
12 continue to produce wheat and other farm products at
13 this current rate.

14 Thank you very much.

15 MICHAEL LEPORTE: Annette Dubas.

16 ANNETTE DUBAS: Good afternoon. My name is
17 Annette Dubas. I'm a farmer/rancher with my husband
18 and family in western Nance County, 80 miles northeast
19 of here.

20 I see independent producers right now as a
21 sacrificial lamb on the alter of world trade. We need
22 trade policy that makes the survival and the interest
23 of independent producers a top priority. I'll be the
24 first to admit that I am a novice in the understanding
25 of world trade, but I know what I see. I know what I

1 see in my community, I know what I see that is
2 happening in our state, I know what I see happening
3 across our country. And that is that rural
4 communities are dying and farmers are going broke at a
5 very rapid pace.

6 We are efficient producers, and we can and will
7 produce what the market demands. What we can't do is
8 compete with the corporate interests that are well
9 represented at the table of farm policy and world
10 trade.

11 In 1998, which was definitely a down year for
12 livestock prices, the combined imports of Canadian and
13 Mexican cattle totalled over 2 million head while our
14 exports were only 285,000 head.

15 Our pork -- the pork that we imported was 4
16 million head while we exported 229,000 head. Now I
17 only see those import numbers being used to depress
18 the prices that we'll receive for what we can produce
19 in our own country.

20 So in short I'll close by saying that I feel that
21 good trade policy should be judged by what it does to
22 support and encourage the survival of independent
23 producers. And as I said just a moment ago, we need
24 to be a top priority at the table of world trade.
25 Thank you.

1 MICHAEL LEPORTE: That is the end of our list
2 that we have of anyone who has requested the
3 opportunity to address the meeting.

4 However, at this point in time we would open the
5 floor for anyone else that would like to come up and
6 make remarks. Is there anyone else in the group that
7 does want to put some remarks in the official
8 record? Seeing none, we will go to our
9 representatives of USDA and the U.S. Trade
10 Representatives office for their closing comments.
11 Gentlemen.

12 JAMES SCHROEDER: Well, I don't care. Let me
13 say, I want to thank you all the hardy survivors here,
14 but we really have enjoyed this kind of a session.

15 I was just going from the last comment. Like we
16 were talking about beef we've heard from Mr. Morgan,
17 Dick Gady from ConAgra, a wide variety of views and
18 interests, Homer Buell, Cattleman's Association. And
19 we really do try and listen to you all and believe it

20 or not, represent you all. That's our job.

21 And so I'm really delighted to have been here

22 today and listened to you all, and I want you to be

23 assured that the written remarks will be collected.

24 We have indeed a transcript. What we plan to do is to

25 put the results of all these different sessions

1 together to try and collate and make some sense out of
2 it, and use it for some guidance as we go into the
3 next round.

4 My colleague here has given me a little summary
5 of main themes. For example, almost ten or more
6 speakers talked about the need for tariff reductions,
7 reduction of export subsidies. Half a dozen people
8 spoke on the question of domestic subsidies. The need
9 to maintain our science-based sanitary and
10 phytosanitary agreement. Dispute settlement, that's
11 been mentioned as well as the GMO and biotech rules.
12 So we've covered the full range of issues here.

13 I may have gotten into trouble at lunch or before
14 lunch when I told some speaker that trade is not the
15 answer. What I meant to say is what I think
16 Senator Hagel said this morning. The problems in
17 rural America and the problems for you all as American
18 farm producers are multi-faceted, and there's a whole
19 series of things that we have to be talking about and

20 working on. Certainly domestic farm policy is a big
21 one. The Senator talked about tax policy.

22 We're here primarily talking about trade. That's
23 our focus because of this upcoming round. And we
24 think it's critical. We think it's important. It's a
25 primary concern for you all. And for all of us here.

1 But it's not the answer, and I think one of the
2 problems we got into on NAFTA and the Uruguay Round to
3 a certain extent is that these were over sold both by
4 the opponents as well as the proponents. Remember
5 NAFTA, Ross Perot, my God, if we went into NAFTA, it
6 was the end of the world. Well, it hasn't been.

7 On the other hand, the proponents--and I was
8 certainly one of them--may have over sold it in terms
9 of the numbers of jobs that would be created and the
10 benefits. But on balance it's been a good agreement
11 for most people.

12 Uruguay Round, the same thing. On balance, it's
13 a good thing we have agriculture included in a
14 multilateral rules-based system with the prospects of
15 further reducing the strengths of trade and opening up
16 market access and having a rules-based system which
17 everyone agrees to and tries to live by.

18 You know, after World War II, we all got together
19 after these two disastrous wars, and we said we have

20 got to have some kind of an organization that's going
21 to deal with war and peace, so we formed the United
22 Nations. Imperfect doesn't always work, but it's not
23 a bad idea to have I think. We said we got to have
24 some kind of a bank that can help out in development
25 around the world, so we got the World Bank. And,

1 finally, we said this currency situation and inflation
2 is bad, so we formed the International Monetary Fund.
3 And somebody said, we also need a world organization
4 on trade. No. That was the one we didn't do in
5 1948. We, I mean we, not only we, the United States,
6 but all the countries. And for 50 years we've just
7 had an agreement. We didn't have an organization, and
8 now we do. We have an organization. It's not
9 perfect, but it does have rules, and it has the
10 potential to continue to break down barriers for
11 trade.

12 And this is not the answer for all of you and
13 every American farmer, but it's a piece of it we
14 think. So that's my message.

15 Again, I want to thank you all for coming. We
16 really do listen to you all, and we really appreciate
17 your interest. And hopefully working together with
18 the states, we thank Commissioner -- Director -- we
19 thank the Director of Agriculture of the great state

20 of Nebraska and his staff for all their hard work.

21 And we really enjoy having been here. I now will turn

22 it over to Mr. Murphy for a few comments.

23 JAMES MURPHY: I have found this a

24 most-interesting forum. We've heard a lot of very

25 interesting views today. A diversity of views. We've

1 heard some common themes.

2 On the criticism side, I think we heard some very
3 useful points made on areas perhaps we need to spend
4 more time focusing on in these negotiations. I was
5 interested in the organic presentation, and I would
6 certainly be interested in hearing more on that if
7 there are specific trade policies that should be made.
8 I think our impression is organics is not treated
9 differently in our trade policy. So I don't think
10 there are any barriers unique to organics. If that's
11 not the case, we would certainly be interested in
12 hearing about it.

13 We've also heard that we should pay more
14 attention to some of the higher value-added
15 programs -- I don't know the right phrase, custom
16 crafted products being produced for the English
17 markets. That's a theme we're hearing elsewhere as
18 well. I think it's something we need to think more
19 about. As Jim said earlier, we're now in a situation

20 where more U.S. agriculture is going out as processed
21 product than as raw commodity. A lot is focused on
22 particular markets. So I think we do need to spend
23 more time thinking about how we are dealing with that
24 in these negotiations.

25 On the common theme side, I think we heard very

1 strong support for continuing to work start in the
2 Uruguay Round. That is moving further in the
3 direction of more liberalized markets. Reducing
4 tariffs, increasing quotas and the TRQ's and improving
5 administration of TRQ's, eliminating export subsidies,
6 reducing trade-distorting domestic programs. Those
7 are directions we charted in Uruguay Round, and I
8 heard a lot of support for continuing and accelerating
9 our movement down that path.

10 We also heard on the new issues, day trading
11 enterprises from a number of people, necessity of
12 improving discipline and transparency there. And on
13 the new technology's need to address the issues
14 arising particularly in biotechnology.

15 So we heard a lot of support for things that we
16 are pursuing and some interesting and useful points
17 that should cause us to perhaps refocus in certain
18 areas. So very useful I think for us.

19 I think I would want to stress that this is the

20 beginning of a process. We are currently focused
21 primarily on what will happen at the ministerial in
22 Seattle, November 30th through December 3rd. The
23 communique that comes out of that ministerial will
24 shape the negotiations to follow.

25 The negotiations don't start until after the

1 ministerial, probably in January.

2 And as we mentioned, hopefully they will go for
3 three years, but obviously there's a lot that we still
4 need to work out internally in terms of our specific
5 negotiating positions on issues.

6 What I've just listed for you is at a fairly high
7 level of generality. We are now working in the
8 government in our agency to develop a more specific
9 position. And we'll want to hear from you as we go
10 along. So you should not view this forum as a
11 one-and-only chance to input to this process but
12 rather the beginning. And we hope that you will feel
13 free to come back to us as appropriate. If you have
14 additional thoughts or insights as we go along, please
15 don't hesitate to be in touch with us.

16 You've had Jim's slides here earlier with
17 addresses, web sites. Please do take that opportunity
18 to come back to us as we go along.

19 I would like to add to Jim's thanks to

20 Merlyn Carlson and his team for creating this forum.

21 It has been excellent. We very much appreciate their

22 hard work for putting together a very useful and

23 helpful day. Thank you.

24 MICHAEL LEPORTE: We want to thank you for making

25 this one of the 12 listening sessions; number 5, as I

1 understand it, 12. Let's thank these gentlemen for
2 being here. To conclude our program today, the
3 Assistant Director of Agriculture for the State of
4 Nebraska, Greg Ibach. Let's see if you can still make
5 some noise.

6 GREG IBACH: Next we do want to thank you very
7 much for it is indeed our privilege to you,
8 Mr. Schroeder and Mr. Murphy, to listen to our
9 producers. I don't think you could help but be
10 impressed by their knowledge base and their leadership
11 capabilities that they brought forward and their areas
12 of expertise. And, you know, I think you also were
13 probably impressed, and we can tell by your
14 summarization comments that you heard the uniformity
15 of their comments and the reoccurring themes as to
16 what Nebraska producers are hoping will come out of
17 the third round in Seattle this fall.

18 And if you at least have some faces and some
19 personalities now when you sit down to those tables,

20 if you'll picture in the back of your mind those
21 individual farmers and ranchers who wake up each
22 morning early, go out and work hard all day long
23 fighting the forces of nature to make a living for
24 their families and stand by them, and, do the best
25 possible you can for them in the negotiations, I'm

1 sure we'll all be pleased in the end.

2 One last thing that I would like to do to kinda
3 wrap up is to thank Michael Leporte. We have a little
4 token of our appreciation. This is your pay for the
5 day.

6 MICHAEL LEPORTE: Now if I could just write.

7 GREG IBACH: With that, we do have your
8 addresses, and if you guys need a help linking up with
9 them again, please contact the Department of Ag. That
10 concludes our afternoon.

11

12 (END OF PROCEEDINGS)

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